FINANCIAL TIMES
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WORLD NEWS

Steel aims for party unity

Liberal leader David Steel said the united party of Liberals and Social Democrats must stand for a "combination of competition and consumerism."

He stressed a market approach and offered a Liberal version of individualism in his final speech at the Liberal Assembly at Harrogate yesterday. Back Page

Random drug tests backed

Sports Minister Colin Moynihan is to recommend to the Government random, independent testing for drugs in athletes.

Study of alcohol misuse

Home Secretary Douglas Hurd said a ministerial group would be set up to tackle alcohol misuse, by studying licensing hours, taxation, advertising and health. Page 4

Four die in Sri Lanka

Four people were killed in Sri Lanka after Indian peace-keeping troops, soldiers and police dispersed feuding Sinhalese and Tamils in Trincomalee.

Fighting miners killed

Seven coal miners were killed southeast of Johannesburg, South Africa, after fighting between workers who backed the recent mine strike and those who defied it.

Le Pen hits back

French right-wing leader Jean-Marie Le Pen, criticised for alleged anti-semitic remarks, accused immigration lobbyists of wanting to end his political career. Le Pen defiant, Page 2

Equity rejects pay offer

The actors' union Equity rejected an improved pay offer for striking choristers at the Royal Opera House. Monday and Tuesday performances were cancelled. Background, Page 7

Arms curbs rejected

Thames Valley police authority overwhelmingly rejected a call for the restriction of firearms certificates.

British Coal film

British Coal has made a video to be shown to miners to try to dissuade them from supporting the National Union of Mineworkers' overtime ban. Page 5

Hindu teachers shot

Suspected Sikh extremists attacked schools in five Punjab villages, India, opening fire on Hindu teachers and killing eight people.

Swedish army reform

Sweden's army may lose up to one third of its 600,000 soldiers under a restructuring plan.

Bullfights cancelled

Several Spanish bullfights have been cancelled as an outbreak of equine plague has created a shortage of picadores' horses.

Tudor house discovered

An Elizabethan house was discovered inside the brickwork of a much later building being demolished at Benfleet, Essex.

Librarian spy watch

The FBI said it has asked New York City librarians to watch for and report on library users who might be recruiting spies.

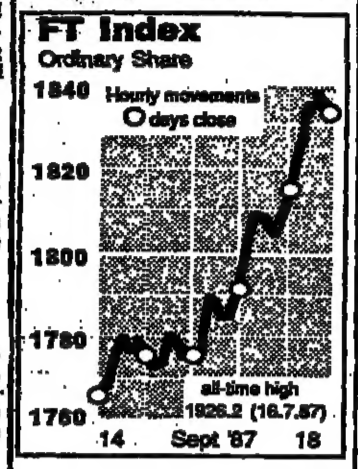
BUSINESS SUMMARY

Berisford stake sold to Americans

BRITISH cane sugar refiner Tate & Lyle has sold most of its 14.9 per cent stake in commodities group S&W Berisford to the Pritzker family of Chicago for £100m.

The deal marks the end of Tate's recent fight to gain monopoly over the UK sugar refining industry and introduces the Pritzkers - who control the Hyatt hotel group, the US airline Braniff and US industrial holding company Marmon - to Britain's financial community. Back Page; Profile, Page 8

EQUITIES continued to rise in London on news of better-than-expected monetary statistics for August. The FT Ordinary Index gained 21.2 to close at 1,833.2, a rise of 69.4 on the week. The FT-SE 100 Index ended up 23.8 at 2,328.2, a gain on the week of 67.1. Stock markets, Page 12



NEXT, UK retail clothing chain, is raising almost £100m through an innovative convertible Eurobond designed to solve the issue of pre-emptive rights. Back Page

JAPAN'S economic growth slowed to zero in the second quarter, with domestic demand rising 1.2 per cent. The figures indicate some success in the Government's move to curtail exports and accelerate imports Back Page

US PRESIDENT Ronald Reagan is to lose the chairman of his Council of Economic Advisers, with the resignation of Dr Beryl Sprinkel who leaves at the end of November. Back Page

HILL SAMUEL, UK merchant bank, again denied continuing rumours that it was negotiating with a bidder to sell parts of its business. Page 8

LONDON International Group, world's leading condom maker, is buying HATU-ICO, Italian condom, health and personal care goods maker, for L103bn (£47.9m). Page 8

MICHELIN, French tyre group, saw interim net profits rise 38 per cent to FFr1.27bn (£127m). Annual profits of at least FFr2.5bn are expected. Page 10

ADELAIDE STEAMSHIP, Australian conglomerate, reported net earnings up 43.6 per cent at a record A$168.3m (£75m) and said it intended to continue accumulating shares in Britain's Royal Insurance. Page 10

ROYAL Dutch Shell group is joining Montedison's energy offshoot Selm in a venture controlling petrol station outlets in Italy. Page 10

PILLSBURY, US foods and restaurants group, boosted first quarter earnings 19 per cent to $56.8m (£34.3m). Page 10

PREMIER BRANDS bought three food companies in a £30m deal aimed at paving the way for the UK food group to join the Stock Exchange. Page 4

INF talks prepare way for Reagan and Gorbachev to meet

BY STEWART FLEMING AND ROBERT MAUTHNER IN WASHINGTON

US AND SOVIET negotiators have paved the way towards an historic arms control agreement that would eliminate medium-range nuclear missiles throughout the world, President Ronald Reagan announced yesterday.

In addition, he disclosed that Mr George Shultz, his Secretary of State, and Mr Eduard Shevardnadze, the Soviet Foreign Minister, who have been negotiating in Washington for the past three days, were to meet again in Moscow in a monthto prepare the ground for a third summit meeting between the president and Mr Mikhail Gorbachev, the Soviet leader.

Making a rare appearance before the American press at the White House yesterday, Mr Reagan, surrounded by his arms control negotiating team, said: "I am pleased to note that agreement in principle was reached to conclude an INF treaty."

Mr Shultz said the summit meeting would be in Washington, and most experts think it will be about Thanksgiving, at the end of November. But a joint statement did not mention the venue. The exact dates remained to be determined.

Ignoring questions about why the president, who once described the Soviet Union as an "evil empire," was now prepared to conclude an arms control agreement and was 'deaf' to right-wing criticism, Mr Reagan retorted: "I don't know anything [else] in my life I have waited six years for."

Mr Shultz, asked if the agreement assured a new era of better US-Soviet relations and the Reagan Administration's version of "detente," said: "I would't want to put a label on it... I think there is a distinct difference between what is going on now and what was taking place 10 or 15 years ago."

Mr Shultz played down the threat to US-Soviet relations from the shooting of an American soldier in East Germany this week. He said it was "unacceptable behaviour" that had been taken up with Mr Shevardnadze, who had offered apologies.

White House officials will be jubilant at the progress of the week's negotiations, for they had seen the prospect of an agreement on intermediate nuclear forces as a new way to help Mr Reagan shake off the damage to his political prestige he has suffered in the past month, and give him a popular, high-profile agenda for his last year in office.

Both sides welcomed the progress on INF. Mr Shevardnadze said: "We and our American partner have every condfidence that the [INF] treaty will be signed before the end of the year." Even so, there was evidence of continuing friction on the more important arms control issues relating to Mr Reagan's commitment to the strategic defence initiative (the so-called Star Wars system) and efforts to reach an agreement on strategic long-range nuclear missiles.

Mr Shevardnadze disputed Mr Shultz's contention that that had also been an area where progress had been made. Mr Shultz said both sides had agreed on the concept of a non-withdrawal period from the key 1972 Anti-Ballistic Missile Treaty.

But there was no sign that the US had moved in its determination to reinterpret the ABM treaty to facilitate the development of SDI or that Moscow had dropped its demand that progress on strategic missiles must be linked to the abandonment of the US's ambitious plans to test, develop and deploy SDI.

A note of further disharmony was struck by the announcement from Mr Caspar Weinberger's Defence Department thatit would accelerate testing of the Star Wars programme, a move that came a day after the Senate had signalled its desire to curb SDI development.

The proposed treaty on INF would be the first agreement between the superpowers in-

Continued on Back Page
reaction,
Page 2; A deal that cannot hide the divisions; Editorial comment, Page 6

Plan for Rover sell-off before next election

BY ARTHUR SMITH IN BIRMINGHAM

THE GOVERNMENT has told Rover Group, the state-owned vehicle manufacturer, to produce detailed plans for its privatisation by next year, which could be implemented "within the lifetime of the present parliament."

Lord Young, the Secretary for Trade and Industry, said yesterday that Mr Graham Day, chairman of Rover, believed such a programme was realistic. "I back his judgment," he said.

Speaking at the Longbridge car assembly plant in Birmingham while on a visit to Rover's Midlands operations, Lord Young said he wanted to see the company returned to individual shareholders. Such a change would depend on its progress, its profitability and market share. Those details were at the heart of the information he required from Mr Day, on which the Government could base a decision.

Rover had been asked for its detailed privatisation proposals "within the course of next year" as an exercise separate from the normal five-year corporate plan, which should be submitted to the Government towards the end of this year.

Taking an optimistic view of Rover's prospects, Lord Young pointed to the turnaround that had been achieved at companies such as Rolls-Royce and Jaguar. He made light of the possible implications for the taxpayer of the disposal of Rover to individual shareholders rather than to an independent third party.

The Government has already committed £2.9bn in equity investment to the company and would probably have to reduce substantially its £1bn of outstanding debt to make the business attractive to private investors. It injected £680m of cash in December to pay off some of the debts involved in the divestment of the Leyland Commercial Vehicles and Bus operations.

Pressed on the question of the taxpayers' contribution, Lord Young said he did not suppose the Government would get a return for its money.

His visit to Longbridge coincided with an unofficial walkout by 150 workers which started on Thursday and halted assembly of the Rover 200 model. Yet he spoke highly of the progress made at Austin Rover in recent months, particularly on quality and sales.

He hoped that in a few years' time, Austin Rover would be a prosperous company.

The 150 workers on final trim and assembly at Longbridge walked out in protest at the threatened sacking of two workers for irregularities in time-keeping.

WEEKEND FT

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The art treasures of Mr Five Per cent.
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Safari through the French Alps.
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The World Wilderness Congress meets in Denver, Colorado.
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HOW TO SPEND IT
... on needlework.
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GOLF
The Ryder Cup.
Page XXII

Slowdown in bank credit growth aids UK economy

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

NEWS OF A slowdown in the growth of bank credit capped a week of favourable indicators for Britain's economy yesterday and prompted strong gains on London's financial markets.

The Bank of England said lending by the banks to industry and consumers totalled £2bn in August, down from the record £4.9bn the previous month.

The latest figure was well below most market forecasts and was followed by an immediate rise in equity and government bond prices. Sterling also continued to rise against a weakening dollar and against other European currencies.

The Bank of England, which has bought more than $15bn since the spring to prevent the pound from rising too fast, was said by foreign-exchange dealers to have intervened again yesterday to limit its gains against the D-Mark.

The deceleration in credit demand dampened City fears that the pace of growth would strengthen inflationary pressures in the economy. However, initial suggestions that it might lead to an early fall in interest rates were dismissed.

This week, official figures showing a surge in manufacturing output, a steep fall in unemployment and buoyant retail sales have underlined the recent acceleration in economic growth. The expectation now is that the economy will expand by about 4 per cent in 1987, putting it among the fastest-growing in the industrialised world.

The strength of the economy has also given a boost to government finances, with the latest figures for public borrowing suggesting ample room for tax cuts and a cut in the borrowing target in next year's Budget.

Mr Nigel Lawson, the Chancellor, said on Thursday that that did not represent "overheating," and some slowdown could be expected next year. City economists, however, have been concerned by the pace of bank lending and by an upward trend in earnings growth in manufacturing industry.

Although the markets welcomed yesterday's figures, growth in lending and in the broad measure of the money supply, sterling M3, is far from subdued. Over the last six months, bank lending has risen by an average £3bn a month, while a 1.5 per cent rise in sterling M3 during August took its annual growth rate over 22 per cent.

That and the acceleration in earnings are likely to persuade the authorities against any cut in bank base rates from their present 10 per cent.

On the stock exchange yesterday,long-dated gilt-edged securities rose by up to 1½ points while the FT Ordinary index closed 21.3 points higher at 1,833.2.

Sterling's trade-weighted index closed 0.1 points higher at 73.3, which reflected a 0.9 cent gain against the dollar to $1.6555 and a 0.25 pfennig rise against the D-Mark to DM2.99.

Currencies, Stock Exchange report, Page 12; Lex, Back Page; Market report, Weekend II

Building societies' share of new mortgages falls

BY HUGO DIXON

BUILDING SOCIETIES probably account for less than half the net new-mortgage lending in Britain, a psychological blow to an industry which till now had been seen as the natural place to seek home loans.

As a consequence of this change in fortune the Building Societies Association, the industry's trade body, this week made a formal submission to the Government.

It is seeking more freedom in the way societies can raise funds from the wholesale financial markets, as distinct from individual investors. These funds would be used to finance more home loans.

Last year societies accounted for 74 per cent of net new mortgage lending. However, in this first quarter their market share fell to 60 per cent. Further, figures issued yesterday by the association and the Committee of London and Scottish Bankers suggest that in July and August their share was less than 50 per cent.

One reason for the decline has been the Government's privatisation programme. This swallowed up a large proportion of retail savings, making it impossible for societies to raise sufficient funds from small investors to finance mortgage demand.

Societies have been unable to fill the gap by borrowing on wholesale financial markets, because last year's Building Societies Act prevents their raising more than 20 per cent of their funds in this way. Many are near the limit and the association wants it increased to 30 per cent.

Banks and specialist mortgage lenders are not subject to similar restrictions and have been able to undercut societies and build market share.

The Building Societies Commission, the industry's regulatory body, which this year was hostile to the idea of raising the limit, is now believed to be

Continued on Back Page
Societies plan merger, Page 4

Two top BhS executives quit as Storehouse unveils shake-up

BY LISA WOOD

TWO TOP EXECUTIVES of BhS, the former British Home Stores group merged in January last year with Sir Terence Conran's Habitat Mothercare chain to form Storehouse, have quit.

The resignations of Mr Denis Cassidy, deputy chairman of Storehouse and chief executive of BhS, and Mr Colin Williams, assistant managing director of BhS, were announced yesterday as Sir Terence unveiled a radical overhaul of senior management.

This includes a search outside for the new post of managing director, which many had expected Mr Cassidy to fill.

The move comes as Mountleigh, the property group which said five weeks ago it was "considering the possibility of making an offer" for Storehouse, faces increasing pressure from the Takeover Panel to declare its intentions.

Until now, Sir Terence has in effect combined the roles of chairman and managing director.

In addition to the division of the two top jobs, a number of new appointments are to be made. The aim, Storehouse said, was to provide "further exchange of management skills and personal development."

Mr Geoff Davy, chief executive of Habitat UK, the furnishing arm, is to become chief executive of BhS, which has faced difficulties in its re-positioning in the marketplace. He joins the Storehouse board. Mr Francis Lister, joint assistant managing director of BhS, will become BhS chairman.

Mr Kevyn Jones, already a director of Storehouse, will be full-time chairman and managing director of Mothercare, the mother and child outfitting chain. Mr Ray Nethercott, chief executive of Richards, the womenswear stores division which is one of the most successful parts of the group, will become chief executive of Habitat UK.

A shake-up of the senior management at Storehouse had been expected since the merger with British Home Stores.

Sir Terence said the changes had "nothing to do with rumours of bids. It is something that has been planned for months.

"For some time, we have considered whether Denis Cassidy should be managing director of the group and Denis had an expectation that he would. When we decided we should go outside for a candidate, he was very disappointed and decided he should resign." Sir Terence, 55, said he intended to retire at 60 and in looking for a new managing director and possible successor, he wanted somebody in his or her early to mid 40s.He was allowing six months for the appointment to be made. The changes were seen in the City as reducing the likelihood of any bid for the group, in which several large retailers have shares. As a result, the Storehouse share price, boosted recently by the bid rumours, fell 13p to 346p.

Appointments, Page 9; Lex, Back Page

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MARKETS

DOLLAR
New York lunchtime:
DM 1.8055
FFr 6.015
SFr 1.496
Y142.6
London:
DM 1.8055 (1.815)
FFr 6.0175 (6.055)
SFr 1.497 (1.5055)
Y142.65 (143.35)
Dollar index 100.5 (100.9)
Tokyo close Y142.73

US LUNCHTIME RATES
Fed Funds 6 11/16%
3-month Treasury Bills:
yield: 6.61%
Long Bond: 93 1/32
yield: 9.57%

GOLD
New York: Comex Dec latest $466.5
London: $461.25 (460.5)

STERLING
New York lunchtime $1.6565
London: $1.6555 (1.6465)
DM 2.99 (2.9875)
FFr 9.9825 (9.97)
SFr 2.4775 (same)
Y236.25 (236.0)
Sterling index 73.3 (73.2)

LONDON MONEY
3-month interbank:
closing rate 10% (10 1/16)

NORTH SEA OIL
Brent 15-day Oct (Argus) $18.275 (18.445)

STOCK INDICES
FT Ord 1,833.2 (+21.2)
FT-A All Share 1,188.42 (+1.0%)
FT-SE 100 2,328.3 (+23.8)
FT-A long gilt yield index:
High coupon: 9.73 (9.87)
New York lunchtime:
DJ Ind Av 2,607.3 (−1.44)
Tokyo:
Nikkei 24,844.84 (−10.47)

Chief price changes yesterday: Back Page

Austria Sch22; Bahrain Din0.650; Bermuda $1.50; Belgium BFr48; Canada C$1.00; Cyprus C£0.75; Denmark DKr9.00; Egypt E£2.25; Finland Fmk7.00; France FFr6.50; Germany DM2.20; Greece Dr100; Hong Kong HK$12; India Rs15; Indonesia Rp3,100; Israel NS3.50; Italy L1600; Japan Y600; Jordan Fils.500; Kuwait Fils.500; Lebanon $1.125; Luxembourg LFr48; Malaysia Rin4.25; Mexico Pes300; Morocco Dh6.00; Netherlands Fl3.00; Norway Nkr8.00; Philippines Pes20; Portugal Esc100; S.Arabia Rls6.0; Singapore S$4.10; Spain Pta125; Sri Lanka Rup30; Sweden SKr8.00; Switzerland SFr2.20; Taiwan NT$85; Thailand Bht50; Tunisia Din0.800; Turkey L500; UAE Dh6.50; USA $1.00.
SELLING PRICE IN IRELAND 60p

JOINT COMMUNIQUE AND SOVIET STATEMENT ON ARMS ACCORD

Technical issues remain before treaty is drafted

THE FOLLOWING is the text of the US-Soviet joint statement released by the White House yesterday:

Secretary of State Shultz and Foreign Minister Shevardnadze have completed three days of thorough and useful discussions *on all aspects of the relationship* between the two countries.

The Secretary and the *Foreign Minister reviewed* the full spectrum of questions regarding nuclear, conventional and chemical weapons arms control. In particular, the two ministers, together with their advisers, conducted intensive negotiations on the question of intermediate-range and shorter-range missiles. This resulted in agreement in principle to conclude a treaty.

The Geneva delegations of both sides have been instructed to work intensively to resolve remaining technical issues and promptly to complete a draft treaty text.

The Secretary and the Foreign Minister agreed that a similarly intensive effort should be made to achieve a treaty on 50 per cent reductions *in strategic offensive arms with*in the framework of the Geneva Nuclear and Space Talks.

Having discussed questions related to nuclear testing, the two sides agreed to begin before December 1, 1987, full-scale stage-by-stage negotiations which will be conducted in a single forum. They approved a separate statement *on this subject*.

The Secretary and the Foreign *Minister also discussed regional* issues.

The two sides discussed a broad range of issues concerning bilateral relations. A work programme was agreed to be implemented in 1987-88, designed to intensify joint efforts in various areas of US-Soviet co-operation.

A *constructive* discussion of human rights issues and humanitarian questions took place.

Secretary Shultz and Foreign Minister Shevardnadze agreed that an additional meeting is needed to review the results of the work in all of these areas, including the efforts of the delegations *in the Geneva Nuclear* and Space Talks. They agreed that this meeting would take place in Moscow in the second half of October.

In order to sign a treaty on intermediate-range and shorter-range missiles and to cover the full range of issues in the relationship between the two countries, a summit between President Reagan and General Secretary Gorbachev will take place.

The summit will be held in the fall of 1987, with exact dates to be determined *during* the talks between the Secretary of State and the Foreign Minister in Moscow in October.

Reagan offers congratulations

The following is the full text of President Reagan's *brief* announcement yesterday about the results of the US-Soviet talks:

"Secretary Shultz has reported to me on the results of his talks with Foreign Minister Shevardnadze.

As you know the talks covered arms reductions, regional conflicts, human *rights* and bilateral relations.

Although we have serious differences in many areas, the tone of the talks was frank, constructive and notable progress was made.

Secretary Shultz and Foreign Minister Shevardnadze have issued a joint statement which I believe you all have.

I am *pleased to note* that agreement in principle was reached to conclude an INF treaty.

They will meet again in Moscow next month to continue their efforts to work out the details of a summit between me and General Secretary Gorbachev later this *fall*.

I want to congratulate Secretary Shultz and Foreign Minister Shevardnadze and their delegations for their outstanding efforts over the past three days."

Tass says talks useful, thorough

THE OFFICIAL Soviet news *agency* Tass reported *on its* English language service: "President Ronald Reagan of the US has just announced that agreement had been reached to hold a Soviet-American summit before the end of this year and that an accord on the global elimination of Soviet and American medium-range and shorter-range missiles would be signed at it."

In a break from traditional practice, Tass *issued* a slightly different report on its Russian-language service.

It said: "US President Reagan announced today that agreement in principle had been reached to eliminate medium-range missiles.

"The agreement, he said, will be signed at his meeting with General Secretary of the Central Committee of the Communist Party of the Soviet *Union Mikhail Gorbachev this* year," the agency said.

The Soviet newsm edia gave minimal coverage to the talks, reporting an agreement to begin full-scale negotiations on nuclear testing before December 1, but keeping silent about progress toward a pact banning superpower medium-range arms. Tass said Mr Shevardnadze and Mr Shultz would meet in Moscow in the second half of October to review the results of work in a wide range of areas, including the Soviet-US arms talk in Geneva and to discuss the *Gorbachev-Reagan* summit in the autumn.

Tass described Mr Shevardnadze's talks in Washington as "useful and thorough," saying they had covered all areas of relations

French silent amid wide welcome

BY OUR FOREIGN STAFF

THE DECISION by the US and the Soviet Union to go ahead with a treaty abolishing medium-range nuclear missiles was yesterday widely welcomed in Europe and elsewhere, though the French Government refused any immediate comment on a deal which it be*lieves may weaken the West's* deterrent.

Speaking at the Brussels headquarters of the western alliance, a Nato spokesman expressed the hope that the US-Soviet treaty would be "the beginning of a process in which we can live at a much lower level of armaments with the same security."

Two of Western Europe's biggest powers, Britain and West Germany, echoed this welcome. Sir Geoffrey Howe, the UK Foreign Secretary, said if an agreement were signed it would be a "profound development" in East-West relations and a "formidable achievement" for *Nato*.

He could not say when cruise missiles might be removed from Britain, but he hoped the agreement on Intermediate Nuclear Forces (INF) could be "signed, sealed and delivered" by the *end of this year*.

Mr Helmut Kohl, the West German Chancellor, welcomed the *missile breakthrough* and underlined Bonn's part in helping bring it about both by sticking to the original Nato decision to make a counter-*deployment of* medium-range missiles and by agreeing last month to scrap its *remaining Pershing-1A missiles*.

Inside the Bonn coaliton, the US-Soviet accord was seen as vindication *for* Mr Hans-Dietrich Genscher, the Foreign Minister, who came out strongly in favour of medium-range missile disarmament earlier this year in the face of opposition from conservatives in the government.

Eduard Shevardnadze (left) and George Shultz on the last day of their talks

The only exception to the general European welcome for the Washington accord was the silence from the French Government. Paris has never concealed its dislike for the *double-zero option* eliminating missiles in Europe with ranges between 500km and 5,000km. It has considered this a significant weakening of the Western nuclear deterrent, and at least a symbolic threat to the im*munity* of the French nuclear arsenal in the future.

Some French officials have been dismayed at the way in which the British Prime Minister Mrs Margaret Thatcher fell in with the double-zero option earlier this year, and at subsequent German concessions. They claim to believe that a united front between France, Britain and West Germany could have prevented the agreement.

The timing of an INF accord could face the Dutch Government with an awkward dilemma. On the one hand, it yesterday *welcomed* the agreement-in-principle as of "historical significance that a whole category of nuclear weapons would be eliminated" and noted with satisfaction the simultaneous progress on strategic weapons and *nuclear testing*.

The Dutch may still have to deploy the 48 medium-range *cruise missiles* they have promised to take if the US Senate fails to ratify an INF treaty before the end of 1988. This is the deployment deadline the Dutch have set themselves, having twice already postponed the decision to allow *cruise* deployment on their soil. The Netherlands is the last of those European Nato countries, which said they would accept medium-range US missiles, actually to do so.

Mr Ruud Lubbers, the Dutch *Prime Minister, said* earlier this week that installation of the cruise missiles could not be stopped until a "perfect" accord had been reached between the US and the Soviet Union.

Politicians in opposition to the Conservative British and West German governments were *enthusiastic about the imminent* agreement between Washington and Moscow.

Dr David Owen, the former Social Democratic leader, said: "The INF agreement has been hard won but is well worthwhile."

In Germany, Mr Horst Ehmke, one of the Social Democratic Party's disarmament experts, said "good news" had come from Washington, and the double-zero deal opened the way to progress in other arms control arenas.

EC urged to decide steel quota future

BY NICK GARNETT AND WILLIAM DAWKINS

THE EUROPEAN Commission yesterday called on member-states to agree at a meeting of Industry Ministers on Monday *on how long to keep in place the* EC's steel quota system.

Mr Karl-Heinz Narjes, the European Industry Commissioner, said a quick accord on the future duration of the seven-year-old system of output controls was essential to Brussels' attempts to rid the steel industry of its 30m tonnes of *overcapacity*.

The ministers are to meet in Brussels to debate a complex *and controversial commission* paper to stimulate production cuts and contribute to social costs. Mr Narjes said the core of the plan was a system for companies making closures to be able to sell EC quotas at favourable rates, but prices could only be fixed if the life of the quotas could be agreed.

The UK is the only member-state not to accept the commission's suggestion for a three-year extension for quotas on hot rolled coil, cold rolled sheet, plate and heavy sections. Those would be conditional on steel producers *coming forward by* November 30 with preliminary closure plans.

Britain would prefer an immediate return to a free market, but while sceptical about keeping quotas is still open to persuasion.

Brussels has also proposed to remove quotas for wire rod and *merchant* bars at the end of the year, but is ready to abandon controls on all production if the industry does not produce adequate capacity-cutting plans.

The commission's latest steel plans have been circulating within the industry since July and have already met widespread *criticism from producers*, steel users and from some governments already embroiled *in cutting* their own capacity.

One controversial part of the scheme is a production levy to be charged on steel covered by quotas to contribute to closure costs.

This could raise Ecu 600m, according to commission estimates,

EC Commission faces farm budget cash crisis

BY QUENTIN PEEL IN BRUSSELS

THE European Commission has virtually exhausted its entire farm budget of Ecu 23bn (£16.1bn) for the current year, and advance payments to the member states *have already be*gun to be cut.

Only Ecu 800m is available for the last three months of the year to finance the heavy cost of crop purchases at guaranteed prices, and their eventual export subsidies, according to Commission officials.

The cash crisis comes just as EC Budget Ministers are locked in yet another abortive effort to agree on spending cuts for next year, with a real prospect that they will fail to agree on any budget at all. They broke up yesterday at dawn with no agreement on at least nine different proopsals to solve the problem.

On Thursday, the European Commission authorised the last major advance payment of Ecu 1.7bn for farm spending, a figure already understood to be considerably less than what the *member states had asked for*.

Complete exhaustion of the budget is forecast for the end of October, and most member states are suspected of inflating their demands in advance of that date.

The European Commission still lacks a legal base for cutting back on payments, because a *proposal* to *switch from* a system *of* making farm payments in advance—as at present—to making them in arrears *is* still held up in the European Parliament.

The budget committee of the Parliament failed to agree on the move this week, effectively blocking it for lack of a legal *opinion*.

Hungarian PM 'seeks dialogue'

By Leslie Colitt in Budapest

MR CAROLY GROSZ, Hungary's new Prime Minister, yesterday signalled a readiness to enter into a "dialogue" with the opposition over its criticism of the leadership's policies, as he *faces growing political disaffection* over the government's economic austerity programme.

In one of the rare international news conferences held by an East European leader, Mr Grosz acknowledged that he had received an "open letter to parliament" *sent this week by 100 Hungarians*.

It called on deputies *assembled in Budapest to* demand parliamentary control of the government, freedom of the press, and a guarantee of human rights.

Mr Grosz startled some Hungarians in the audience by noting that everyone had a right to present views different from ours. They are not our enemies." The opposition he said merely called attention to political *and economic problems* in a "different way."

The leadership would heed such *opposing* views when they were offered in a constructive way.

The Prime Minister, however, sharply rejected the opinions of "hostile people" who failed to abide by the law and sought "alternatives alien to this government."

Mr Grosz was referring to activists, *dissidents* who number only a *few* dozen persons in Hungary. The hard-core political dissidents, however, recently linked up with a broader group of critical intellectuals who are clamouring for radical changes in the communist, political and economic system.

He suggested a *form of* parliamentary "control activity" over the government while refusing to give details. His remarks were in stark contrast with the "unanimous" vote by parliament on Thursday over the Government's unpopular emergency economic programme.

Le Pen defiant over anti-semitism charge

BY IAN DAVIDSON IN PARIS

IF Mr Jean-Marie Le Pen, leader of the ultra-right National Front Party, had deliberately planned to dominate media interest throughout this week, to the point of even drowning out the annual budget presented by Mr *Edouard Balidur, the Minister* of Finance, he brilliantly succeeded.

But it is clear, from the angry defiance of his press conference yesterday that he now bitterly regrets the careless phrases which he lt slip in a broadcast interview last Sunday, and which has exposed him throughout the week to an unending denunciation for anti-semitism from left, right and centre.

At the same time, it is also clear that his regret is almost equally shared by politicians of the right and centre, many of whom had hoped, and indeed *still hope, to pick up support* from ultra-right-wing voters without having either to contaminate themselves by coming out in favour of Mr Le Pen's anti-immigrant policies, or to alienate his supporters by denouncing those policies.

In an interview at the end of August, Mr Jaques Toubon, general secretary of the ruling Gaullist RPR party, repeatedly evaded any clear-cut comment on the policies of the National Front.

The plain fact is that, with nearly *10 per cent of the national* vote in last year's general elections, the National Front *may be a necessary if* undesirable contributor to a centre-right victory in next spring's presidential elections.

It is not surprising, therefore, that the wave of protests at Mr Le Pen's apparently anti-semitic remarks, did not start to flow until Tuesday, after a day's horrified silence.

In the interview, Mr Le Pen said: "I do not say that the gas chambers did not exist. I *myself have not seen any*. I have not specially studied the question. But I think it is a *point of detail in the history of* the Second World War".

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Yesterday, Mr Le Pen defiantly defended himself against the charge of anti-semitism and racism, and accused his detractors of "intellectual terrorism," explaining his use of the word "detail" as meaning only that it was only one aspect of the Second World War.

German state faces 'Watergate' spectre

BY DAVID MARSH IN BONN

MR UWE BARSCHEL, Prime Minister of the northernmost West German state of Schleswig Holstein, yesterday rebuffed allegations of political irregularities and announced legal action against the news magazine Der Spiegel.

Mr Barschel was accused last weekend by the magazine of plotting to unsettle the Schleswig Holstein Opposition leader, Mr Bjoern *Engholm*, through a "dirty tricks" campaign.

The allegations, published on the eve of last Sunday's Schleswig Holstein state elections in which Mr Barschel's Christian Democratic Union (CDU) party *suffered* severe losses, have raised the spectre of a "Watergate"-type scandal in north Germany and caused heated dispute in Bonn this week.

In a packed four-hour press conference yesterday in the state capital of Keil, Mr Barschel said the magazine's allegations, based on a statement *on oath from a former CDU* campaign worker, Mr Reiner Pfeiffer, were "without foundation."

Mr Barschel issued a detailed statement, also made under oath, rebutting point by point Mr *Pfeiffer's claims that the* Prime Minister had organised detectives to inquire into Mr Engholm's sex life and had tried to prove that he had evaded taxes.

Mr Barschel also denied that he had asked Mr Pfeiffer to place an electronic eavesdropping device *in his own* telephone in a bid to accuse Mr Engholm of snooping on him.

The SPD-leaning Der Spiegel, which has won respect for uncovering scandals in recent years, *is likely to see its reputation* damaged if it turns out Mr Pfeiffer's allegations are baseless.

Mr Engholm also made clear yesterday that the affair would not be laid to rest. Responding to Mr Barschel's statement, he accused the CDU state government of mounting a complex political plot against him which, he said, would have been impossible to organise without the knowledge or compliance *of the* Prime Minister.

US second quarter growth up

By Lionel Barber in Washington

THE US economy grew more rapidly in the second quarter than previously reported, the US Commerce Department said yesterday.

The gross national product of the April-June quarter rose at an annual rate of 2.5 per cent instead of 2.3 per cent, *it said*. It also revised the second-quarter inflation rate from 3.8 per cent down to 3.5 per cent.

The revisions show that the US economy is still growing sluggishly, if steadily. The inflation estimate has improved but the Federal Reserve's 0.5 per cent increase in the discount rate to 6 per cent this month is a more up-to-date indication of official concern about inflation.

The GNP — the broadest measure of economic performance—grew by 4.4 per cent in the first three months of 1987. It must expand at an annual rate of 3 per cent in the latter half of this year to meet White House forecasts of 3.2 per cent GNP growth in 1987.

The Department said post-tax profits of US corporations in the second quarter rose $5.5bn (a revised 4.3 per cent) to a seasonally adjusted annualised rate of $134.5bn. Profits had fallen by $5bn (3.7 per cent) in the first quarter.

Investment in capital equipment and other non-residential investment grew by $11.9bn, having fallen by $17.2bn in the first quarter.

Iranians shoot down Iraqi jet

BY ANDREW WHITLEY IN KUWAIT

AN IRAQI Mirage on a pre-dawn bombing raid on Iran's offshore oil installations in the northern Gulf was shot down yesterday over Kuwait's Bubiyan Island by Iranian anti-aircraft fire.

The loss of the French-made Mirage F-1, reported by Tehran Radio, was not immediately confirmed by Baghdad. A few hours later its downing was followed by a rare long-distance attack by Iranian warplanes on the important Kirkuk *oilfields* in northern Iraq.

In the latest overnight Iraqi bombing raids, Iran's main oil export terminal of Kharg Island was reportedly hit for the second time in 72 hours. An Iraqi communique said the Iranian offshore oilfields of Bahrgan Sar and Ardeshir, 30 miles east of Kuwait, were also struck.

Iran said it retaliated by shelling economic and military targets *in south-eastern Iraq*, including suburbs of Basra, inflicting "heavy damage."

As the fierce exchange of the past three days show no sign of letting up, Kuwaiti residents were alarmed by a mysterious mid-morning explosion which shook windows over a wide distance. In the absence of any official comment, speculation focused on the possibilty of another Iranian Silkworm missile attack.

From New York, seedlings of optimism are growing that Mr Javier Perez de Cuellar, the United Nations Secretary General, may have secured an Iranian promise of an official ceasefire,

Discussion of a possible break in relations with Iran by members of the Arab League had been scheduled for tomorrow's meeting in Tunis of Arab League Foreign Ministers.

Laura Raum reports from Amsterdam: Two Dutch minesweepers steemed out of Den Helder yesterday and headed for the Gulf, where they will co-operate with Belgian and British ships in ensuring the safety of shipping.

Chad demands Libya withdraw before peace

CHAD, flatly rejecting peace overtures from Colonel Gadaffi, the Libyan leader, has demanded Libya's withdrawal from a disputed border area occupied by Tripoli since 1973, *our foreign staff writes.*

"The war between Chad and Libya can only end when Libya *evacuates occupied Chadian* territory and gives up once and for all its annexationist aims on our country," the state-run N'Djamena radio *has said*.

Colonel Gadaffi had said earlier the conflict between the two countries was over while indicating his intention to retain control of the Saharan desert *border strip of* Aouzou.

Canadian car workers' deal

By Robert Gibbens in Montreal

THE Canadian Auto Workers' Union, led by Mr Robert White, has won a six-year deal from *Chrysler Canada to index* pensions to inflation and encourage early retirement.

The CAW *also won increases* in basic pay over three years, apart from the normal cost-of-living adjustments built into Canadian car industry contracts.

The pension demands were similar to those made by the Canadian paperworkers' union and several other unions earlier this year. The objective is to get younger workers into the workforce faster and to ease pressures of youth unemployment across the country. Some unions have accepted unusually low pay increases in return.

The Canadian car industry already has a *lower total* wage structure than its US counterpart, after exchange and other factors.

Tony Walker reports from Basra on the traumas and physical damage suffered by the populace from Iranian shelling

Iraq's beleaguered second city remains defiant under fire

WHEN THE *shelling starts*, said Mr Derzi M. Al-Rashid, "Lassie," his rotund black poodle, goes straight to the bathroom in the centre of the house to take refuge. The dog doesn't need to be told. The routine has become familiar.

Basra, Iraq's beleaguered second city, lives on its nerves, *waiting for the next round of* Iranian shells to come crashing down in the neighbour*hoods* along the Shatt al-Arab waterway.

In the once comfortable resi*dential al-Twaysa district on* the banks of the Shatt al-Arab in the eastern sector of the city, house after house is scarred by shrapnel. Most buildings have had their windows blown in by the force of repeated explosions.

Streets are deserted. Houses have been boarded up. Their *owners have taken refuge*, either in the western part of the city or elsewhere in Iraq. Stray dogs prowl empty neighbourhoods. The few residents who remain in the al-Twaysa district live with the always imminent prospect of shells falling on them.

Samir Hanna, a university lecturer, said his family had abandoned for the time being their villa in al-Twaysa be*cause it had become "too dan*gerous" to live there. He was worried about the effect of the *shelling on his children*. "They have nightmares about the shelling," he said, as he surveyed a hole in his fence caused this week by a large piece of shrapnel.

Basra, connected by the Shatt al-Arab waterway to the Gulf, 44 miles away, is the steamy frontline of the conflict between Iran and Iraq. It is the jewel Iran has long been seeking in its efforts to topple the Iraqi government.

Early this year Iranian forces made their most determined push towards Basra, and were halted only about 8 miles from the city on the eastern banks of the Shatt al-Arab.

In the city *itself, sounds of* fighting at the front are audible. Exchanges of mortar fire go on *all the time*. These sounds are commonplace.

Elsewhere in Basra, away from waterfront neighbourhoods which have borne the brunt of Iranian shelling, life continues desultorily. Small food shops in the decaying central district are open for business. Larger emporiums are closed.

At a busy intersection, workmen are putting up another big portrait of Iraq's President Saddam Hussein whose likeness in dozens of different guises dominates most public areas throughout Iraq.

A liquor vendor, selling cheap whisky in the main shopping area, says business is good.

The Sheraton hotel, a landmark on the western bank of the Shatt al-Arab waterway, *is* closed. Its handsome facade has been extensively damaged by shellfire.

Nightclubs with names like Ali Baba and Sinbad in the street behind the Sheraton are virtually derelict. The port city's once robust nightlife is a thing of the past.

Estimates of Basra's remaining population vary. Of the city's approximately 1.25m people before heavy shelling began early this year about half remain, according to one official. Reports that Basra has become a ghost town are exaggerated.

In the Shatt al-Arab itself, rusting cargo vessels caught in fighting at the beginning of the war, have been badly damaged by *shellfire. Some ships have* sunk.

At the Basra Republic Hos*pital, the victims of repeated* Iranian shelling attacks are treated for wounds caused mostly by shrapnel.

Fourteen - year - old Nahla Haloop Naamah was watching television with her family on the evening of September 2 when a 155mm shell crashed into her house, killing her five-year-old sister and injuring others present.

Nahla suffered serious abdominal injuries, caused by flying shrapnel. Doctors operated to repair damaged organs. She *now has a shortened* digestive tract.

Dr Adel al-Mansouri, director of the hospital, said the worst of the shelling was early this year during Iran's big offensive against Basra, when shells rained down for days almost continuously.

Dr Mansouri estimated about 1,000 *had been killed since* early this year. But civilian casualties are "getting less and less because there are fewer people in the city."

He said the most serious injuries caused by shrapnel were those to the abdomen and the head. Many children died from head wounds. "Shrapnel," he said, "causes very drastic injuries."

Constant shelling was "very traumatic" for the populace, he said. "People can't eat, they can't sleep, they are shut in their homes. It's a big trauma."

Trauma was causing "congenital malformation of features, deformities *of hands and* faces, and congenital heart defects."

Some Basra residents refuse to be intimidated by the Iranian shelling, however. Mr Khaled Jamil Bolus, who lives in the al-Twaysa district, and whose neighbour's house was hit by a shell, has no intention of leaving.

Seaking in front of his villa in a deserted street with a cage*ful of brilliantly*-coloured budgerigars chirping in the background, Mr Bolus said: "The shelling *is almost normal for us*. They have been shelling us since the beginning of the war, but we won't move. Basra is Basra, and it will stay Basra. I want to stay in Basra. It is my town."

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OVERSEAS NEWS

Canberra to set up securities commission

By Chris Sherwell in Sydney

THE AUSTRALIAN government confirmed yesterday it was to assume total responsibility for the regulation of companies and for the securities and futures industries.

The decision, approved at a special Cabinet meeting this week and announced by Mr Lionel Bowen, the Attorney-General, entails the establishment of a new independent body, the Australian Securities Commission, in 1989.

Details of the proposal have met with disapproval from some of the country's state governments, whose own Corporate Affairs Commissions would disappear along with the umbrella National Companies and Securities Commission (NCSC).

Mr Jim Kennan, Victoria's Attorney-General, hinted yesterday that his state would refuse to cooperate over the plan unless the new arrangements met its own demands.

But Mr Bowen, speaking in Perth, appeared adamant about pressing ahead. The existing cooperative scheme between the states and federal government had structural defects which could not be resolved, he said, and it had outlived its usefulness.

"The national character of Australian markets and the new international trading environment has created jurisdictional, administrative and enforcement problems that only a national approach can resolve," he added.

The new Commission, like the NCSC, will be based in Melbourne, and will have branches in each state capital. Cases arising under the scheme will be heard in the federal court and the state supreme courts.

Existing legislation will meanwhile be reviewed, with the assistance of a high-powered advisory committee which includes representatives from business, banking and the professions.

The committee, among other things, will consider changes in requirements for prospectuses and takeover documents, the scope for civil remedies instead of Commission action, and the appropriate form for Commission hearings and investigations.

A rationalisation of the present administrative structure is also expected, to be achieved by shedding "unnecessary and time-consuming functions." This would release resources for the Commission to monitor markets and to maintain appropriate standards through effective market enforcement.

Mr Bowen appealed to the states to cooperate with the federal government in order to facilitate the changes with minimal confusion and disruption.

Relief in Manila at firings by Aquino

Richard Gourlay on post-crisis levity in the Philippines at the end of a revamp of the cabinet by the President

Corazon Aquino: steps needed to survive

PRESIDENT Corazon Aquino's Government sometimes appears like an untamed beast careening towards an abyss only to veer away at the last moment and saunter off as if there was never any danger.

Such post-crisis levity prevailed in Manila yesterday, a day after Mrs Aquino completed a crucial cabinet revamp that she had agonised over for eight days. In the end she fired only three secretaries, including the Finance Secretary, Mr Jaime Ongpin, and her controversial aide, executive secretary, Mr Joker Arroyo.

Their public clashes over the direction that economic policy should take were behind the mass resignation of the cabinet last week.

"There is an appearance of coming together," Senate majority floor leader Mr Orly Mercado said. "Without judging their performance, the firing of Ongpin and Arroyo relieves a pressure point."

The besieged stock market leapt 15 per cent, more than regaining Thursday's losses in panic selling. The relief that it was "all over," as one Filipino said, seemed to soften memories of a failed coup on August 28, the leaders of which are still at large, and a military that is far from accepting the principle of civilian supremacy.

Mrs Aquino has taken the steps she needed to survive, analysts say. The rebellious military has been fed the prize it sought in the shape of the head of Mr Arroyo who many of them claim is a communist.

There will be continuing discontent throughout the military - for instance from the large number of senior officers who want armed forces chief of staff General Fidel Ramos fired. However the focus of their discontent - and that of the coup leaders - that existed while Mr Arroyo was still in the palace has at least temporarily gone.

Other issues, however, such as what economic policies Mrs Aquino will pursue in practice, as opposed to simply espouse in public utterings, have been swept under the palace carpet rather than resolved.

The new executive secretary, Mr Catalino Macaraig, and finance secretary, Mr Vicente Jayme, are both thought to be less abrasive and outspoken than their predecessors. Their administrative abilities are likely to make the cabinet more manageable, observers say. However, foreign bankers say the cabinet still needs to clarify the economic policies for local and foreign consumption.

Mrs Aquino accepted Mr Arroyo's resignation by singing his praises and promising not to compromise "his ideals." Analysts say it does not suggest she has either shifted to the right nor caved into the military. She has not, for instance, relieved armed forces chief of staff General Fidel Ramos.

Many senior officers say he has not stood up to fight on the military's behalf for better pay, pensions, survivor compensation and housing and is thinking too much about his own political future.

There are no signs either that the changes will lead to a tougher, more comprehensive handling of the campaign against the country's communist-led insurgency.

Although Mrs Aquino has emerged from the cabinet crisis intact, her popularity has been dented, according to a close political adviser, Mr Paul Aquino. An apparent indecisiveness during the cabinet revamp and a lack of public assurances that the government was in control gave an impression that the presidency was adrift without a skipper at the helm.

"People are a bit less patient. I don't think the pattern of drift and indecision can go on if it erodes the economy,' a senior Filipino broker said this week.

Nevertheless, in the post-crisis optimism, most congressmen and businessmen were quick to rally round Mrs Aquino. Business associations which joined the military in calling for Mr Arroyo's resignation immediately reiterated their support for her once he had gone. They pointed out that her close friendship and personal loyalty to Mr Arroyo made her decision to fire him very painful.

The fact that she did indeed fire him showed political maturity, they said, as did her decision yesterday to visit military camps to try to bridge the gulf between the armed forces and the civilian arm of government.

Mitterrand hits at Chirac

BY OUR FOREIGN STAFF

PRESIDENT Francois Mitterrand of France went into public conflict with Mr Jacques Chirac, the Prime Minister, yesterday over policy on New Caledonia, France's Pacific colony.

President Mitterrand called for far-reaching economic reforms in New Caledonia to end what he described as profound colonial-style inequalities in New Caledonia.

He warned in a television interview that plans put forward by Mr Chirac could have dramatic consequences in the island and that economic inequality between New Caledonia's white settlers and indigenous Melanesians or Kanaks must be narrowed before the two communities could live in peace.

The Kanaks, the first inhabitants of the territory, are outnumbered by European, Asian and Pacific immigrants and are generally the impoverished in the prosperous island.

Mr Chirac is on a visit the territory.

Acquittal prompts Pretoria police probe

By Anthony Robinson in Johannesburg

THE ACQUITTAL of a South African journalist, Mr Tony Weaver, deputy new editor of the Cape Times newspaper, by a Cape Town court has raised serious questions about police conduct in the Cape.

Mr Weaver had been charged under the Police Act for allegedly making false statements in a BBC radio interview concerning the fatal shooting of seven alleged African National Congress guerrillas in a police ambush on March 4 last year.

Mr Weaver based his report on interviews with eyewitnesses and families of the bereaved. According to the prosecution, his report claimed that two of the men were shot in cold blood while trying to surrender, that weapons had been planted on the bodies and that one policeman had fired three shots at close range into one of the men after punching him to the ground.

Three other charges accusing Mr Weaver of printing untrue matter in the Cape Times were withdrawn without explanation on the eve of the trial.

The court found that autopsies contradicted the evidence of police witnesses and indicated close range shooting compatible with being shot while lying on the ground. Before acquitting Mr Weaver, the magistrate said the journalist "had reasonable grounds to believe that what he had been told and what he told the BBC was true".

The policemen involved in the incident all denied planting weapons on the deceased and claimed they had fired at the victims in self-defence.

The attorney general has called for a full report of the trial and a full transcript has also been passed to the commissioner of police for study. A relieved Mr Weaver is now contemplating civil action against the police for "malicious prosecution".

Several irregularities which emerged during the trial, including the removal of pellets from the bodies of some of the seven dead men and the alteration of entries in the police exhibit register, are expected to be examined by the attorney general and the acquittal of Mr Weaver could also be followed by a re-opening of the inquest on the seven men.

In a statement after his acquittal, Mr Weaver said: "The medical and forensic evidence led in the trial shows conclusively that some of the police witnesses lied and that several of the deceased were shot at point blank range."

On these grounds he asked the South African police to investigate charges of murder, attempted murder, perjury and defeating the ends of justice against Major Delf Odendaal and other policemen involved in the case.

The latest blow to the reputation of the police in the Cape came as further evidence of police brutality and partiality emerged during an important test case in the Cape Supreme Courtinvolving 3,000 former Crossroads squatters which began this week.

Reforms attacked by all sides

By Our Johannesburg Correspondent

RIGHT-WING conservatives yesterday lambasted proposals to amend the Group Areas Act as the thin end of a wedge leading to total racial integration while black leaders, white liberals and churchmen dismissed them as "a white-wash job."

Fifteen members of the President's Council belonging to the Progressive Federal Party and coloured and Indian parties meanwhile walked out of the debate to symbolise their disapproval of the proposals made by a committee of the council on which the ruling National Party has a majority of members.

For its part the government signalled its probable acceptance of the main lines of the report - maintenance of the principle of legally defined ethnic group areas for those who want them and the possibility of racially-mixed areas for those who are prepared for an alternative to apartheid.

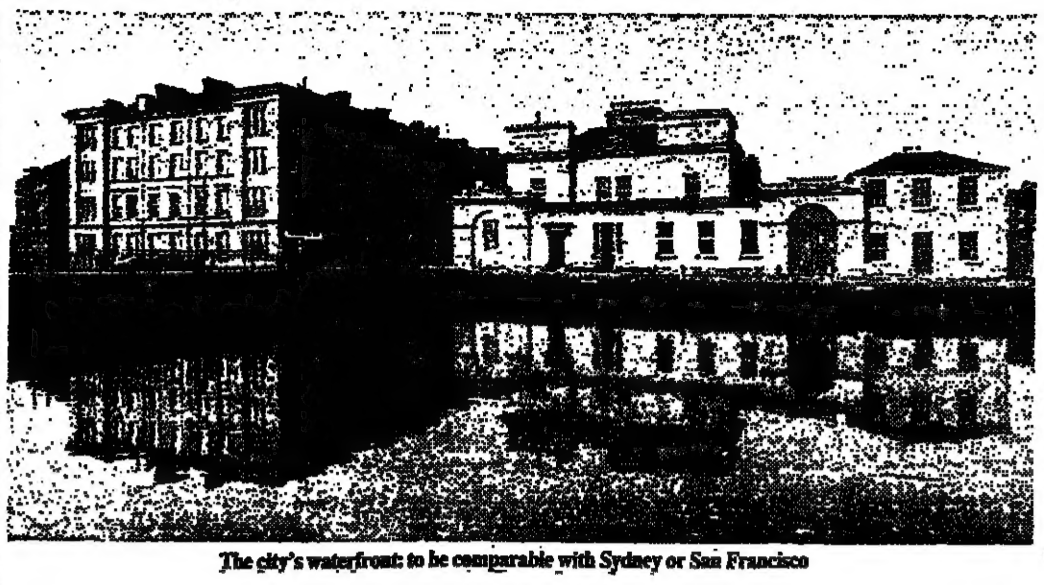
Dr A. J. Oosthuizen, chairman of the committee which re-examined the Group Areas Act and also proposed repeal of the Separate Amenities Act, commented that upper-income suburbs were probably more likely to experiment with opening up their areas to the wealthy of other races but suburbs dominated by lower-income and elderly homeowners would probably stay the same.

A dissident coloured member of the council said the report "does not recommend a shotgun marriage but a courtship between the races. Whether it will culminate in a lasting marriage will depend on the people themselves."

UK NEWS

James Buxton reports on a scheme that would change the map of the Scottish capital

Edinburgh buoyed up by waterfront project



The city's waterfront: to be comparable with Sydney or San Francisco

"I MAKE no apology for the size of the vision," said Mr Bill Thomson, chairman of Edinburgh Maritime, earlier this week as he announced a project to develop Edinburgh's frontage on to the Firth of Forth into a waterfront environment "comparable with Sydney or San Francisco."

Even without the hyperbole, the scheme would literally change the map of Edinburgh. It would involve filling in the bay which occupies the mile-long gap between the city's two ports - the little-used harbour of Granton and the busier port of Leith - both of which jut out into the estuary.

On the 550-acre site, part of which would come from derelict docks, would be built housing, a business park with offices, leisure facilities including a marina, shops and an hotel.

The project, promoted by the Forth Ports Authority, which owns the land and the seabed, would transform one of Edinburgh's less distinguished areas - how many people even know that Edinburgh has a waterfront? - and would also complement the successful restoration of parts of Leith.

The Edinburgh Maritime scheme, which could cost £400m, is in its infancy. The different components are little more than architects' sketches and property developers have not yet been approached.

While the Scottish Development Agency has given its full backing and local property experts broadly welcome it, a planning application has only just been lodged with the city council.

The point is, however, that vision on this kind of scale has been in very short supply in Edinburgh over the past few decades. Successive administrations - which until 1984 were Conservative - have mostly been content to let the city enjoy the prestige of being a beautiful capital, with little industry but a thriving corps of lawyers, chartered accountants and civil servants.

The city is famous throughout the world for its festival, yet the project to crown it with an opera house has remained, literally, a hole in the ground for 22 years.

Mr Jimmy Gammell, who built up Ivory and Sime, the Charlotte Square fund manager, into a major force, tells how when gas and oil were discovered in the North Sea in the 1960s he urged the lord provost of the day to make Edinburgh into Britain's oil capital. This would have involved redeveloping a decaying area just west of the centre, between Lothian Road and Haymarket, now known as the west central site to accommodate the headquarters of the US oil companies. Leith could have become the offshore supply centre.

The idea was never taken up. The oil companies went to the West End of London and Aberdeen became the main supply centre.

Edinburgh began to flourish modestly as a specialised financial centre, as long-established fund management companies began to shake off their lethargy and the life assurance houses expanded, yet the financiers shunned involvement in the city's politics. In 1974, the council placed a strict limit on the growth of office space in the centre.

Only this year have years of inertia and impasse between the district and regional councils on one hand and the business community on the other shown signs of ending.

In May, the Labour-controlled district council, which last year exchanged Militant for soft-left leadership, faced up to the fact that with employment in financial services growing rapidly, more office space near the centre was essential. Financial services already employ 18,000 of the city's 53,000 service workers. The council itself voiced fears that new financial service jobs might go to Glasgow.

The council announced that it would at last allow mixed office and housing development on the west central site. Several schemes have been proposed but their success probably depends on the fate of a project to build a £30m conference centre and office complex at the apex of the site, just behind the Caledonian Hotel.

After a decade of desultory discussion, there is now unprecedented agreement on the conference centre project between the district and regional councils and the chamber of commerce.

The business and financial community have pledged £2m to an endowment fund to cover the expected operating losses of the centre. Mr Gammell says this is "something they would never have done in the past."

However, the project needs government capital. The Treasury is considering whether to authorise the SDA to invest £10m in it, a move which would unlock other official funds. Hopes are rising in Edinburgh that the Treasury could soon give its approval.

Schemes for the west central area are more advanced than the Edinburgh Maritime project but Mr Charles Gwyn, of Christie and Co, a property valuation firm, believes there should be room for the office space provided by both, with some companies being more attracted to the waterfront site because of its more spectacular location on the Firth of Forth.

Underpinning this confidence is an optimism about Edinburgh's financial services industry which did not exist a year ago. The amount of money managed in Scotland, most of it in Edinburgh, rose by more than 30 per cent in the first half of this year to £50bn.

The independent fund managers, such as Baillie Gifford, Martin Currie and Edinburgh Fund Managers, are winning pension management business in competition with conglomerate financial services groups in London. The life companies could see rapid growth as personal pensions become increasingly prevalent.

As the post Big Bang shakeout in the City of London gathers pace, Edinburgh financial institutions hope to lure more high quality executives to work for them north of the border, even in spite of a drop in salary. They would be attracted by a better lifestyle and superior housing, although they would have to endure a greyer climate.

It is premature to talk of an Edinburgh renaissance. There are clouds on the horizon, for example, the threat posed by the re-emergence of the hard left among the candidates the Labour Party is selecting for next year's district council elections.

The big development projects face other significant obstacles but for a rare moment a lot of people in Edinburgh are looking with hope in roughly the same direction and feeling unusually optimistic.

Credit card to offer spending incentives

By Richard Waters

BARCLAYCARD is to offer gifts to encourage its 8.5m customers to use their credit cards more often.

The scheme is part of a campaign by Barclaycard, a division of Barclays Bank, to persuade customers to use their cards in place of cash, cheques or other credit cards, but not designed to encourage them to spend more, Mr Peter Ellwood, chief executive, said yesterday.

In response to suggestions that incentives would encourage people to get into financial difficulty, Mr Ellwood said research involving 250,000 customers had shown this would not happen.

The Office of Fair Trading, which earlier this year referred Barclaycard and rival Access to the Monopolies and Mergers Commission, has expressed fears about excessive borrowing by credit card holders.

Barclaycard holders spend "something over £100 a month each" with their cards, said Mr Ellwood. To qualify for the minimum free gift, they would have to use their cards to buy just under £150 worth of goods a month.

Spending £1,750 would earn customers either a leather wallet, badminton racquet, pair of candlesticks or herb mill. The money has to be spent by the end of 1988, when the scheme, known as Profiles, closes.

Insurer plans to demerge

PROVINCIAL GROUP, the small privately-owned insurer, plans to demerge early next year to allow Prolific Financial Management, its unit trust, life and pension company, to develop more flexibility.

Mr John Maxwell, Provincial's group chief executive, said yesterday the group intended to spin off Prolific as a separate entity capable of responding quickly to the more competitive environment expected to be ushered in by the Financial Services Act.

Prolific and Provincial will continue to be beneficially owned, however, by the Scott family, which has controlled Provincial since it was founded in 1903.

Water industry flotation to go ahead on schedule

BY RICHARD EVANS

THE GOVERNMENT is to insist that a new quango, the National Rivers Authority, should take over all regulatory functions for the water industry before privatisation, in spite of the continuing misgivings of many industry leaders. It will not be subject to negotiation.

Lord Belstead, the environment minister with responsibility for the industry, made this clear yesterday when he confirmed that flotation of the 10 water authorities in England and Wales is to go ahead on the proposed timetable.

A privatisation bill will be introduced at the start of the next parliamentary session in a year's time and should reach the statute book in July 1989.

This would enable the first authority - Severn-Trent is pushing the hardest - to be floated by the end of 1989 with the others following in 1990, possibly in batches of three.

Speaking at a conference on water privatisation in London, Lord Belstead said it was unlikely that the market could accommodate a single flotation of all 10 authorities, probably worth in all about £7bn.

This is the solution preferred bythe authorities, on the grounds that it would prevent discrimination between the more attractive authorities and those with the biggest problems.

Lord Belstead: detailed plans for sell-off open for discussion

The conference emphasised the deep divisions in the industry over the form privatisation should take, with Mr Roy Watts, chairman of Thames, and Mr Gordon Jones, chairman of the Water Authorities' Association, arguing passionately against over-regulation, while Mr John Bellak, chairman of Severn-Trent, supported the Government's proposals.

Lord Belstead, fleshing out the Government's plans prior to final negotiations later in the year with the authorities, made it clear that the Government would not budge on the central proposition in its July green paper on setting up the NRA.

'The boundaries of the NRA's functions, the manner in which they are to be discharged, the details of the allocation of assets and financial arrangements are all open for discussion. But we are resolved that the ultimate responsibilities of the NRA will be as set out in the policy paper,' he said.

The key question now will be how many of the authorities follow Severn-Trent in backing the Government's plan. Anglian, which will decide in 10 days, is likely to be broadly in favour.

A possible compromise which could ease some of the hostility of the authorities, is that many of the NRA's activities could be performed on a contracted-out basis by the privatised companies.

Mr Watts argued that to accept privatisation at any price was irresponsible. In his view, the key principles should be to retain the integrated river basin management and to regulate statutory monopoly services for customer protection, but not other activities.

Mr Jones, chairman of Yorkshire as well as the WAA, warned that however desirable privatisation might be in management and commercial terms, there was a price that was too high to pay. 'We may now be getting perilously close to that position', he warned.

Alcohol misuse to be studied

BY OUR POLITICAL STAFF

A MINISTERIAL group to combat alcohol misuse is to be set up, Mr Douglas Hurd, Home Secretary, announced yesterday.

It will be led by Mr John Wakeham, Leader of the Commons, and will include ministers from all key government departments.

All aspects of drinking, including licensing hours, taxation, advertising and health will be considered.

Health experts estimate that industry loses up to 14m working days a year through absenteeism caused by drinking - more days lost than through strikes.

● Government proposals to reform business rates might play an important part in revitalising inner-city business areas, Mr Michael Howard, Local Government Minister, said yesterday.

The plans to set a uniform national rate for businesses would mean a £700m advantage for businesses in the north and Midlands, he maintained in Bristol.

The proposal would mean a business rate reduction in Newcastle of more than 30 per cent overall and in Liverpool of just less than 30 per cent.

● Mr Roy Hattersley, Labour's shadow Home Secretary, disowned hard-left party members on local authorities who have made bitter attacks on police conduct. He emphasised that his chief task would be to improve relations between the party and the police.

During a tour of police stations in West Yorkshire, he said: "I make plain today that I shall have no truck with unfounded, uninformed and irresponsible attacks upon the police."

● The once discredited US education system could provide a model for tackling the problems of Britain's inner-city schools, Mr Kenneth Baker, Education Secretary, said.

Speaking before a week-long tour of the US, Mr Baker said he was going to see for himself how effective new American techniques — many similar to plans announced by the Government — were working.

Mr Baker, who flies out on Sunday, is to visit schools in New York's Bronx and Harlem districts.

London bus and Tube fares to rise 9.5%

By Lynton McLain

LONDON UNDERGROUND and bus fares are to rise by an average of 9.5 per cent next year. Season ticket Travelcards and bus passes will rise by an average of 12 per cent.

The increases will take effect on January 10, London Regional Transport said yesterday.

The rises will be up to three times the 4 per cent rate of inflation with the cost of an annual Travelcard season ticket for two zones, including the central zone, set to increase by 15 per cent to £276 a year.

Mr Basil Hooper, commercial director of London Regional Transport, said the new fares would help finance the high level of investment needed to enable the Underground to improve travel conditions for the record number of passengers.

Central zone 50p and 35p short-hop bus fares will be unchanged but bus fares covering more than one zone, now costing 60p, 70p or £1, will generally increase by 10p.

Fares on night bus services will rise by more than the average increase of 9½ per cent to reflect the higher operating costs of these services.

On the Underground, the adult one-zone fares of 40p in the suburbs and 50p in central London will be unchanged. Other adult fares will rise by 10p.

The proposed increases were criticised by the London Regional Passengers Committee. Mr Eric Midwinter, chairman, said: "Any fares increase of this magnitude is wholly unacceptable and even LRT acknowledges it will drive some passengers away from public transport. More people are bound to turn to their cars and this will only add to traffic congestion."

London Underground expects to spend at least £57m over the next four years on schemes to relieve passenger congestion. This is in addition to plans for a £20m station at Angel and a £30m remodelling of the platforms at Liverpool Street.

Food group in £30m acquisitions

By David Churchill

PREMIER BRANDS, the privately-owned food group, yesterday bought three other companies in the food industry in a deal worth altogether £30m.

The move is part of Premier's ambitious expansion plans before it seeks a full Stock Exchange listing, probably in 1989.

The company was formed in May last year by a £97m management buy-out of the UK, French and Irish food interests of Cadbury-Schweppes.

The largest deal yesterday was £20m for Newtime Foods, a preserves, pickles and jelly confectionery business. Newtime, which operates from Hastings, Sussex, was sold to Premier by Sale Tilney.

Premier is already in the jelly and preserves market with its Chivers Hartley brand. The Newtime acquisition will move it into breakfast cereals.

The second purchase was the Ridgways speciality teas business for £8m. The company, previously owned by Tate & Lyle, is based at Speke, Liverpool.

British Fish Canners was the third acquisition, at a cost of about £2m. The company operates from Fraserburgh in the Grampian region of Scotland. It gives Premier a stake in the canned fish market.

Mr Paul Judge, chairman of Premier Brands, said yesterday: "These three acquisitions are directly in line with our development strategy of building upon our existing businesses to strengthens our presence in the food market."

The three companies being bought employ a total of 500 people and all those employees are being taken on by Premier.

Glaxo in drug deal with Japanese group

GLAXO has signed a licensing agreement with Mochida Pharmaceutical of Japan for an injectable cephalosporin antibiotic codenamed M14659 which is in the early stages of development.

Night-time TV may be opened to new operators, says Hurd

BY RAYMOND SNODDY

NIGHT-TIME television may be opened to new types of programming and operators, Mr Douglas Hurd, Home Secretary, suggested yesterday.

He told the Royal Television Society's Cambridge Convention he had seen that several independent television companies had begun "camping out" on the night hours by running 24-hour-a-day television.

He said: 'I remain to be convinced that there is any corollary to squatters' rights on the airwaves.' The remark was taken as a hint that the ITV companies could lose control of airtime between midnight and breakfast television.

'The idea of using the night hours to bring into being new kinds of programme service and perhaps new programme-providers is one with many attractions and this is one of the things we are looking at seriously,' Mr Hurd said.

His reference to squatters' rights was described as disturbing and an unfortunate analogy by Mr John Whitney, director general of the Independent Broadcasting Authority. Mr Whitney said the ITV companies had the right to broadcast at night under existing legislation.

Mr Hurd was speaking ahead of Monday's Downing Street seminar on broadcasting, which may be the last chance broadcasters have to influence the shape of government proposals for creation of a new competitive framework for the industry. He reaffirmed his interest in:

● The potential of subscription, partly to provide finance for new television services and partly to create a direct financial relationship between the broadcaster and the consumer.

● A tender procedure to determine who wins commercial television contracts.

● The Peacock committee's proposal that Channel 4 'should be reconstructed without putting at risk its ability to meet its distinctive programming remit.'

He expressed reservations about a national fifth television channel, because engineers were expressing different views on its technical feasibility. He said: 'There is a factual or technical foundation here which has not been finally laid.'

He said violence on television could influence action by some viewers. Television was part of a confused, massive force at their lives' centre.

Broadcasters must be alert to the possible insidious effect of too heavy a general level of violence on television giving a false idea of its prevalence in society.

Thatcher to keep tough EC line

BY JOHN HUNT

BRITAIN would continue to take a tough line over an increase in the European Community's own resources when the question is raised again at the EC Council meeting in December, Mrs Thatcher made clear at a meeting yesterday with Mr Giovanni Goria, Italian Prime Minister.

Mr Goria, with Mr Giulio Andreotti, his Foreign Minister, was in London as part of a familiarisation tour of European capitals. Sir Geoffrey Howe, Foreign Secretary, joined them for a lunch meeting.

Mrs Thatcher emphasised that the UK would not agree to any increase in community resources until an effective and legally binding budgetary discipline was enforced and there were measures to bring the Common Agricultural Policy under control.

Britain was willing to work for a solution on this basis at the December Council meeting, she said.

This brought a cautious response from Mr Goria, a former finance minister, who agreed on the need for the EC's finances to be put on a sound basis.

The two sides also discussed the situation in the Gulf. Italy sent an eight-vessel task force there last Tuesday in spite of considerable domestic opposition against such a move.

Mrs Thatcher and Mr Goria reiterated their backing for the UN Security Council resolution calling for a ceasefire in the Gulf. They underlined their support for an arms embargo against any party which failed to accept the resolution.

North agency seeks extra cash

BY IAN HAMILTON FAZEY, NORTHERN CORRESPONDENT

NORTHERN Development Company, the partnership of 33 local authorities and 200 private companies that aims to regenerate north-east England and Cumbria, launched itself yesterday with demands for better treatment by the Government.

NDC, which the Government has been holding up as a model of public and private-sector co-operation, wants "equality" with the Scottish and Welsh Development Agencies to give it more money and power in tackling northern economic problems.

Mr Martin Easteal, chief executive, compared funding for the NDC, which has a first-year budget of £2m, with sums of tens or hundreds of millions for the Scottish and Welsh agencies and the urban development corporations for the London and Merseyside docklands.

The launch took place at a stately home in the Cleveland countryside, a few miles from where the Prime Minister made an inner-city tour on Wednesday.

Mr Easteal said there were comparatively few inner-city problems of the traditional type in the north-east. Regeneration involved much wider efforts, geographically and economically.

NDC's budget includes £1.1m from the Government for overseas promotion. That money would have gone anyway to the North of England Development Council, now incorporated into the NDC. The NDC has taken on an additional role of promoting the far north of England to the rest of Britain, as well as to itself to improve confidence.

The Government is set against Scots/Welsh development agencies for the English regions, preferring to channel funds through UDCs and schemes such as that for derelict land grants. It uses English Estates for advance factory building in Wales and Scotland.

Guernsey call to defer employment control plans

BY EDWARD OWEN

SEVEN Guernsey trade and professional bodies, representing the majority of the island's employers, yesterday issued a joint statement urging local MPs to defer consideration of employment control proposals due to come before the island parliament on September 30.

'The proposals are, we believe, ill-conceived, hastily presented and do not appear to have been thought through sufficiently,' the statement says.

Mr William Bell, president of the Guernsey Chamber of Commerce, pointed out that the proposed controls, although announced by the island's finance committee in July, formed part of an appraisal of Guernsey's economy by Peat Marwick McLintock, the accountant, which had been made public only yesterday. Politicians and the business community needed more time to consider the consultants' report.

Peat Marwick, while taking a generally optimistic view of Guernsey's economic prospects especially for the offshore finance industry, said that an initiative to control population growth was needed if "unsustainable pressures" were not to be put on the island's environment.

If no further restraints were applied, it is predicted, the island's economy - estimated to have grown by nearly 10 per cent in 1986 - could continue to grow by 7 per cent per annum over the next five years, increasing the population from the 55,500 to 62,000.

Societies plan to merge

BY HUGO DIXON

THREE small building societies are planning to merge, continuing the rationalisation of the industry into larger units that are more able to compete with banks and other financial services organisations.

The societies are Heart of England, Rowley Regis, and Kidderminster Equitable - all based in the Midlands.

The new society, to be called Heart of England, is expected to be formed early next year. It will have assets of more than £500m.

● Britannia, the UK's ninth largest society, has become the latest to move into the estate agency business. It is to buy Louis Taylor, a Staffordshire estate agency with six branches.

The society intends to make a few acquisitions to protect its share of the mortgage market but is not planning a national network. Estate agents are an increasingly important channel for mortgage business.

● Bristol & West, the 11th largest society, has opted to become an independent intermediary under the "polarisation" rule devised by the Securities and Investments Board.

Civil Service appointments announced

By Hazel Duffy

MR DEREK ANDREWS is to be the new permanent secretary to the Ministry of Agriculture. Mr Andrews, 54, who has been advising ministers in Common Agricultural Policy negotiations since 1981, succeeds Sir Michael Franklin, who will retire on September 30.

Other senior Civil Service appointments announced by the Prime Minister's office yesterday included that of Mr John Anson, who succeeds Mr Robin Butler as second permanent secretary at the Treasury in charge of public expenditure.

Mr Butler's appointment to succeed Sir Robert Armstrong as secretary to the Cabinet and head of the home Civil Service has already been announced. Mr Anson, 57, has spent the last 14 years at the Treasury, mainly on the public expenditure side, and as UK director at the IMF and World Bank.

Mr Peter Kemp, who has been in charge of Civil Service management and pay, will take over from Mr Anson.

His post will be taken by Miss Anne Mueller, who will go to the Treasury as second permanent secretary. She moves from the Cabinet Office, where she has been in charge of the Management and Personnel Office.

That post will disappear with Miss Mueller's departure, because most of the MPO's responsibilities are being transferred to the Treasury under re-organisation announced last month.

Anglo-French weapons deals possible

BY DAVID BUCHAN, DEFENCE CORRESPONDENT

DEFENCE officials and industrialists from Britain and France have identified six to eight army weapon systems that might result in novel cross-Channel purchases by the two governments.

At the close of a politically unprecedented Anglo-French, military procurement conference in London, Mr Peter Levene, the UK chief of defence purchasing, said that three or four products had been identified in the inventory of each country as suitable to meet a military need of the other. He would not name them in advance of any contract negotiations.

The aim of the conference, which brought together 100 officials and 100 defence industrialists from the UK and France, is to try to arrange reciprocal purchases of medium size and value between two countries. In recent years the two countries have found it hard to agree on full-scale collaboration in developing defence systems.

Britain and France have the largest, but also the most self-centred, defence procurement programmes in Europe. They place more than 80 per cent of their orders by value at home.

Mr Jacques Chevallier, the French head of defence procurement, echoed Mr Levene at a press conference in emphasising that the two-day conference was a small beginning for what he hoped would be an important step towards a European common market in arms.

France and Britain were rival arms exporters, Mr Chevallier said, but often that rivalry only benefited third-country buyers. If Paris or London were to buy weapons the other had already developed, they could save each other money.

Both procurement chiefs emphasised the similarity between Britain and France in terms of defence equipment spending and range of products, and thus the potential for business.

So far only one deal has been arranged, with the Royal Navy buying remote-controlled minehunters from Societe ECA in partnership with Honeywell Leafield of the UK, and the French navy buying Racal-Decca radars. Another deal involving sumbarine detection equipment has been under discussion for some months.

Mr Levene was asked if the UK wanted to hold similar procurement talks with other countries, notably West Germany. He said Britain's trade with Germany was considerably higher, because of collaboration projects, than its defence trade with France but he did not rule out the same type of conference with Bonn.

Mr Chevallier said the same was true for French defence ties with Germany and he noted that Germany had "less of a panoply" in weaponry to offer France than the UK did.

The UK and France are to hold a conference next year on their naval procurement plans in Paris next year. Meanwhile, they are to start informing their industries, through a joint bulletin, of the cross-deal plans.

Steel attacks Tory market policies

MR DAVID STEEL, the Liberal leader, signalled his determination to tackle the Conservative Party on its chosen ground of free enterprise and competition in his keynote speech at the end of the party conference in Harrogate.

He said: "Liberals and Social Democrats know what the market is for. The real purpose of a vigorous market is to create wealth by serving the customer better. That means our united party must stand for a new combination of competition and consumerism."

Reports by TOM LYNCH and RALPH ATKINS
Pictures by ASHLEY ASHWOOD

David Steel: condemned privatisations

Delegates gave Mr Steel a six minute standing ovation which included a somewhat uncertain rendering of a song called The Land, which was written to support the introduction in 1909 by a Liberal government of the UK's first land value tax.

Mr Steel stressed in his speech the Liberal appeal to the individual, arguing that Conservative competition policies had allowed unbridled takeover activity, which ultimately diminished choice for the consumer, while failing to increase jobs or investments.

He said: "The commercial hero of Thatcher Britain is the money man in the Porsche shuffling assets on the car telephone, not the scientist or the engineer, not the designer or the software programmer, not the builder, not the entrepreneur."

Mr Steel also condemned privatisations which had led to the transfer of public monopolies to private monopolies, such as British Telecom.

He added: "Our approach is clear. We will oppose the creation of a monopolistic private airline or a private electricity monolith. We shall not tolerate mega-mergers which are against the public interest, that calls for much stronger monopoly and merger rules in a strengthened Office of Fair Trading."

Mr Steel also promised opposition to "the complacent lack of internal competition" in the public sector and restrictive practices by trades unions and professional bodies, saying: "Tory individualism has turned out to be about personal selfishness. It hands the prizes to the fortunate few. It destroys the bonds of mutual care and concern. It assumes that the one person's success can be founded only on the failure of 10 others."

Mr Steel accused the Government of printing money to help fuel a pre-election boom and of allowing consumer credit to expand to a point where it had pushed up interest rates and house prices. The credit boom disguised underlying weaknesses of a dwindling industrial base and declining skills.

He said: "Under this Government, research and development have been starved while the perspectives of the City have been foreshortened to weekly, daily and even hourly fluctuations in prices."

He outlined his vision of the Government's role in the market as "the guarantor of higher quality goods and services for everybody, fighting monopoly, insisting on better consumer information, pursuing no strike agreements in the public services, and setting high standards which benefit everybody.

"Our united alliance will take its stand on excellence. It is by creating high added value for the customer at home that we will create new success for our exports abroad. That is the best way to get Britain back to work, and back to more satisfying and worthwhile work as well." Mr Steel also addressed the problems of defence policy which face Liberal and SDP merger negotiators. In a careful passage he set out a desire to embrace the new east-west moves on disarmament, while keeping British nuclear weapons until they could be negotiated away as part of that process.

While explicitly accepting a nuclear element in Nato for as long as it was needed for defence including, if necessary, a British contribution, he warned: "What we cannot and will not accept is the Gaullist doctrine that in all circumstances any self-respecting nation needs its own nuclear weapons and that such a commitment is absolute."

He insisted that the Liberal Party had always made the "careful distinction" supported by the Alliance at the last General Election, between accepting nuclear deterrents while rejecting "any attempt by this Government to make its commitment to an independent strategic deterrent a barrier against further reductions in the level of armaments on both sides."

Most of Mr Steel's speech was spent setting out the spirit of the proposed new party, and attacking the Conservatives. He dismissed the Labour Party earlier in his speech as "a party the voters do not trust on the defence of freedom or the creation of wealth or on anything else."

He appeared to rule out a deal with Labour by pouring scorn on the possibility that Labour could break out of "class and collectivism, union control and extremism and place trust in the individual rather than the state.

Mr Steel argued that in the post-Thatcher era the Conservatives would have nothing new to offer, adding: "The Prime Minister has so debilitated the old Tory Party that when she goes it is going to be convalescent for a very long time. Learning to walk again, after so many years on their knees is going to take the Conservatives quite a while."

Delegates oppose electricity sell-off

DELEGATES WENT against the advice of senior party members and expressed "outright opposition" to privatisation of the electricity industry.

In a debate on the future of public services, delegates refused to accept arguments that a change of ownership could offer the opportunity to break up a state monopoly and introduce local control and accountability.

Although Liberal MPs are expected to vote against the Government's plans to privatise the Central Electricity Generatating Board, many believe privatisation should not be ruled out by a party commited to creating a decentralised and entrepreneurial economy.

Yesterday Mr Richard Wainwright, former MP for Colne Valley, said he opposed plans to privatise water but that electricty was a manufactured product not a natural resource. The Conservatives, he said, should not have a monopoly among the political parties in wanting to dismantle large state controlled organisations.

Delegates passed a motion on privatisation deploring "the dogmatic and politically selfish policies of all Labour and Conservative governments." It was probably the last motion discussed by the Liberal Party in its present form. It was moved by Ms Chris Willmore, leader of North Avon District Council.

She said: "What Liberals oppose about nationalised industries is their essentially centralised, remote, unaccountable, monopoly status.

"We want to break down those national monopolies and restore power and accountability."

Sometimes, she said, this was best done by market forces, such as in the case of the National Freight Corporation She added: "But in many cases - notably the utility services - this is best done through public ownership, or control at central or, more normally, local level."

Mr Simon Hughes, MP for Bermondsey, admitted that there was an argument for changing the ownership of the electricity industry but said that the water industry was the "most unacceptable candidate of all" for privatisation.

"The post-privatisation failures of British Telecom, which many argued was the best of a bad bunch of candidates for government sell-off, puts a big question mark over the Government's nonsensical plan for water," he said.

The wideranging motion called for public bodies to maintain a proper balance between economic operation and the needs of consumers and the community. It also covered government legisation for the compulsory privatisation

Peter Riddell analyses the challenges that would face a new party

Political centre of gravity to shift

THERE HAS been a strange mixture of regret and optimism in Harrogate this week. It has been sober and harmonious, a necessary stage in the recovery from the summer's traumas.

With the typical self-absorption of all party conferences there has also been a touch of self-satisfaction - underrating the extent of damage incurred.

The Liberal Party will never be quite the same again. It is not really the end of 110, or 150 years of history - no one is quite sure how long. After all, Mr Roy Jenkins has as much claim to the heritage of Asquith as any Liberal apart from, perhaps, his grandson Lord Bonham-Carter. The existing Liberal Party is largely the creation of the 1960s and 1970s.

Nevertheless, the new party will have a different character from either of its constituent parts. Its political centre of gravity will shift, even apart from the probable absence of the SDP's Owenites and some on the Liberal's unilateralist wing. It is likely to be a a sober, self-consciously responsible,and locally focused body, built on its local council base.

Its problem will be how to convey a distinctive and fresh cutting edge. The withdrawal of Dr David Owen has removed the main source of internal Alliance dissension, but also the best-known, and to a certain extent its most popular, public face over the past four years. The remaining leaders are hardly new names, even though Mr David Steel and Mrs Shirley Williams appear to have gained renewed energy and drive in Dr Owen's absence.

Much may depend on whether the new party can create a strong central headquarters, which the Liberals have always lacked. Mr Andy Ellis, the widely-respected Liberal secretary-general, has talked of the need to generate a central income of at least £1m annually and the usual grant-making bodies are being approached to raise £100,000 to £200,000 for a policy think-tank. There are few potential big donors around.

There are moves to strengthen Mr Steel's office with the appointment of Mr Alec McGivan, the SDP's former national agent and organiser of the Social Democrats' Yes to Unity campaign.

A key question will be whether the parliamentary candidates of both parties in target seats stay the course, or give up the fight. They are the party's main driving force and will become the next generation of leaders. Several in their 30s and early 40s face difficult career choices, but the signs are that most are willing to wait for the next 12 to 18 months to see if the new party gets off the ground.

There has been a feeling of qualified optimism at the assembly. Even the cautious have not given up hope and believe that it may be possible to create a new party which is a credible challenger during the course of this Parliament. In part that reflects the innate resilience of anyone involved for long in politics (contrasting with the despair of some SDP newcomers).

But first, there will be the negotiations. These are bound to produce hiccups and problems at some stage. No wonder Liberal leaders are writing-off the next six months in terms of public impact - praying that there will be no by-elections to test them when they are most vulnerable. Labour and the Tories will not, however, leave the SDP and Liberals alone

Alternative to poll tax proposed

A LOCAL income tax operating in tandem with a tax on land values rather than the proposed community charge should replace rates, the Liberal Assembly decided yesterday.

Delegates condemned the community charge system, or poll tax, as unfair and bureacratic. It was also vociferously attacked by Liberal MPs in a parliamentary question time devoted to the topic.

Mr Cyril Smith, MP for Rochdale, said Liberals - unlike the Labour Party - had a "practial alternative" to the present rates system. He argued that the local income tax proposed by Liberals in the general election would return control and accountability to local authorities.

Mr Ronnie Fearn, MP for Southport, said councils will be forced to employ "armies of snoopers" to collect the poll tax.

He said: "The prospect of big brother peering through the bathroom window to see how many toothbrushes there are would be funny, if it were not so pathetic."

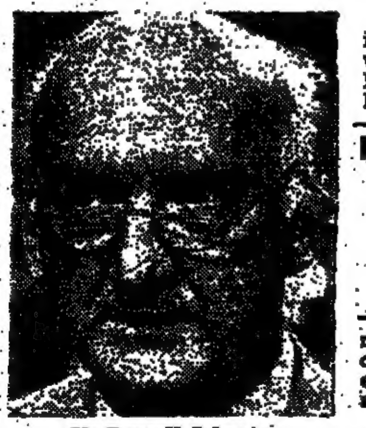
Scottish veteran shoots from the heart

IF THE LIBERAL assembly this week often seemed short of the heart-felt passion which such an historic gathering merited, Sir Russell Johnston did his best to make amends.

The speech of the leader of the Scottish Liberal Party to delegates during the merger debate on Thursday was one of the most emotional and well-received contributions of the week and it helped reinforce his reputation as one of Liberalism's most colourful advocates.

There are those who claim that his political contribution is largely confined to rhetoric but on Thursday he managed to articulate in his own, well-tested way the aspirations and fears of most of those attending the assembly. He was being, to quote the title of his latest volume of political speeches, "Just Russell."

The MP for Inverness, Nairn and Lochaber and leader of the Scottish Liberal Party, Sir Russell - knighted in 1985 - is the longest serving Liberal MP. He



Sir Russell Johnston

was elected to the former seat of Inverness in 1964, having replaced John Bannerman as the local candidate, who stood six times and failed to be returned. David Steel, for whom he has the highest regard, followed him into the Commons a year later.

A Skye man who likes to flourish a kilt at party gatherings and who first joined the Scottish Liberal party 33 years ago, Sir Russell has been party spokesman on a variety of subjects, including education, Northern Ireland, defence and foreign affairs.

MICHAEL CASSELL on the colourful career of Sir Russell Johnston

One of his passions has been the European cause and he was a member of the European Parliament from 1973 until 1979. He then made himself unpopular with the Scottish party leadership when, as a Westminster MP, he also stood in the direct elections to the European Parliament as the MEP for the Highlands and Islands.

His critics claimed he was taking on more than he could chew and that his decision meant he would inevitably be neglecting his Westminster seat. At the time, "Russell's in Brussels" became a popular catchphrase, but he lost the contest to Mrs Winnie Ewing of the SNP. In the Alliance, he was appointed spokesman on Scotland and Europe, although there were serious reservations about his ability to match the fire power of Malcolm Rifkind, the Scottish Secretary, or Labour's Donald Dewar.

According to the preamble in his latest collection of speeches, his contributions to conference have taken on a "legendary quality" and have been as eagerly awaited by gatherings of the SDP and joint Liberal assemblies as they have been, for over a decade and a half, at Scottish Liberal conferences. Excessive political hype maybe, but there was no doubting the warmth with which he was greeted this week.

OFT 'instructed to withhold embarrassing information'

THE PRIME MINISTER ordered the Office of Fair Trading to withhold information from the press at times which might cause her difficulties in answering questions in the Commons, Mr Ian Morrison, a Bank of England official who spent two years on secondment to the OFT, told a debate on the City.

He said: "The edict came from Number 10 that press releases should not be released from government bodies and other institutions at certain times because they could cause her embarrassment at parliamentary question time. The OFT, an independent body, fell in line. This undermines the independence of the OFT."

Mr Morrison said that the OFT was treated by Ministers as an adjunct of the Department of Trade and Industry. Independent bodies were needed to initiate investigations into mergers and takeovers and to enforce their recommendations. Said Mr Morrison: "The powers of initiation must be outside government to provide a check on the misuse of power and the representation of vested interests." This was particularly important at a time when the Prime Minister was "putting yes boys and yes girls at the helms of supposedly independent bodies."

Mr Alex Carlile, the MP for Montgomery and the party's home affairs spokesman, warned the City that it must tighten self-regulation if it was to head off government intervention. Penalties for offenders had to be tough enough to inspire public confidence - a few months' suspension was "derisory and unacceptable" punishment for anyone involved in serious misconduct.

"Unless the City puts its house in order and is seen to do so by the public, it will lose control of an institution which over centuries has done so much for the British economy."

The conference approved the setting up of a working party with a remit to develop policies for the City over the next two years.

Mr Carlile said City professionals would "welcome a rational, enduring, non-socialist alternative policy." He stressed that the party should not be seen as anti-City and blamed the Government for creating conditions in which expectations in the City "appear to be dominated by greed and an ethic which causes offence to the public.

"We cannot blame the 30-year-old burnt out young executive in the City for the way his or her life is led if the example is being given by fraudulent people at the top of City institutions."

Mr Andrew Philips, who chaired a series of pre-conference discussions on the City, said Liberals had no effective, fully considered policy on the City.

He hoped the two-year study would produce a "hard-headed but socially-minded policy which will work and which will be seen in the City not as an imposition by some alien political force but as sensible

Yorkshire miners' chiefs seek further action

BY OUR LABOUR CORRESPONDENT

LEADERS of the National Union of Mineworkers in Yorkshire, the biggest coalfield, decided yesterday to ask their 34,000 members to consider taking industrial action beyond the limited overtime ban due to be applied nationally by the union from tomorrow night.

The move reflects the sharp differences within the NUM over the extent of the action to be taken in protest at British Coal's revised disciplinary code.

At the same time as the Yorkshire leaders were calling for stronger sanctions, delegates representing the 13 pits in Wales yesterday endorsed a cautious strategy.

The Welsh area said: "The situation has to be handled carefully and we shall not do anything that would damage pits or jobs."

The NUM's national executive committee voted on Thursday to limit the ban so it would affect only coal production and development work - not essential maintenance - and would thus not cut the five-day working week.

The union's Yorkshire area council yesterday criticised this as a weak decision and decided to prepare for a local ballot on tougher action, short of a strike. This would be likely to mean a full-scale overtime ban of the kind which preceded the 1984-85 national strike.

Mr Jack Taylor, the NUM's Yorkshire president, said the council felt the national executive had "diluted the unity" created by the national ballot majority of 77.5 per cent for a ban.

British Coal has meanwhile made a video film to be shown to miners on Monday to try to deter them from supporting the ban. The corporation has also sent each miner a special issue of Coal News, its staff newspaper, presenting the case for the disputed disciplinary code.

Copies of the paper should be received by miners at their homes today.

The two-minute video film features Sir Robert Haslam, British Coal's chairman, and is intended to be shown at pitheads at the start each of the three shifts on Monday.

Mr Albert Tuke, British Coal's North Yorkshire area director, warned yesterday: "The long-term effect of an overtime ban on development work will be suicidal. If development work begins falling behind, ultimately you will not have the (coal) face capacity."

His comments coincided with a warning by British Coal in North Derbyshire that all six of the area's pits would be at risk if the ban had a serious effect on production. The pits are said between them to have lost £30m over the past five months.

The ban was given the final go-ahead by the NUM after British Coal failed to agree terms on an initiative by the union on Thursday to refer the dispute to arbitration.

Midland imposes 6% pay rise

By Jimmy Burns, Labour Staff

MIDLAND BANK yesterday imposed a 6 per cent pay increase on its 38,000 staff in spite of a vote by members of the Banking, Insurance and Finance Union to reject it and impose an overtime ban.

Ther union described the bank's decision as appalling and warned it could worsen an already highly charged situation. Its national executive committee is expected to give the overtime ban automatic endorsement at a meeting next Wednesday and the action is likely to be under way in the bank's 3,000 branches within two weeks.

Midland said it had decided to impose the pay increase after union officials had made clear this week at talks involving the Advisory, Conciliation and Arbitration Service that they were pressing for substantially more than was on offer.

The management believes that the overtime ban will have little or no effect given the diffuse nature of Bifu's membership and the fact that, even on the union's own claim, it does not represent 14,000 of the 38,000 staff.

Bifu says the overtime ban was backed by 64 per cent of those taking part in a ballot but Midland argues that only a minority of its staff is in favour of industrial action because, it claims, more than 60 per cent of Bifu members either did not vote or voted against.

Midland has been the only big clearing bank unaffected by disruptive action this summer and is the only one in which Bifu represents a majority of the workforce.

The ballot on an overtime ban followed an earlier vote, described by Bifu as consultative, in which 54 per cent of those taking part favoured accepting the offer.

Institutions seek solution to financial skill shortage

BY JOHN GAPPER

AN EXTENSIVE study of employment patterns and skill shortages in the City of London is to be carried out on behalf of institutions to try to find a solution to growing competition in the financial labour market.

The study, sponsored by institutions including the Bank of England, National Westminster Bank and the International Stock Exchange, will seek ways of reducing the amount of "poaching" of skilled staff between institutions and from other sectors.

It may recommend ways for the City to undertake more training of its own staff in areas such as accountancy, information technology and administration to limit the boom in salaries before and after deregulation.

The research, which will cost £75,000, is to be carried out by the Institute of Manpower Studies and will include information from a sample of 1,300 institutions in London, together with 50 detailed case studies.

Ms Rhiannon Chapman, Stock Exchange personnel director, said yesterday the idea had emerged from among institutions that the City had to tackle the problem of growing labour competition itself.

She added: "We have been pinching accountants and computer operators from other industries and creating problems for them in terms of salary structures. We are aware of that, and we know we have to stop poaching."

Ms Chapman said that systematic training programmes for City staff would have to be considered as part of the effort to stop institutions looking at recruitment in a "parochial, tribalistic way."

Ford denies charge of Belfast discrimination

BY OUR LABOUR STAFF

FORD UK yesterday rejected claims by Irish-American groups that it had discriminated against Roman Catholics at its plant in Belfast, Northern Ireland.

Allegations of discrimation resulted from an incident on St Patrick's Day in 1983 when Catholic employees were disciplined after leaving the plant before the end of a work shift.

But Ford said that the proportion of Catholics and Protestants among the 800 employees at the plant - which manufactures carburettors, and oil and water pumps - was "in line with religious groupings in the plant recruitment area".

A study of employment practices at the plant carried out by a senior management team showed that 38.4 per cent of employees were Catholics, 57 per cent Protestants, and 4.7 per cent of "undetermined religious persuasion", some of which were assumed to be Catholic.

According to available statistics quoted by Ford, the Catholic population within the recruitment area is between 30 and 40 per cent.

"Within Ford's Belfast plant there has been no evidence of the animosity that exists between religious groups outside...On the part of both religious groups within the plant there has been tolerance and co-operation at every level",the management study concluded.

Part-time workforce in non-union link

BY JOHN GAPPER, LABOUR STAFF

THE RISE in the number of part-time workers may reflect a growth in the number of companies which do not recognise unions or lack formal negotiating and discipline procedures, an Employment Department research paper suggests.

The study finds that a larger proportion of the workforce has tended to be part-time at establishments where unions are not recognised or where there are no formal procedures for dealing with pay and conditions or disciplinary matters.

Taken with recent surveys showing that a growing number of workers are employed part-time, the study indicates the big size of the task facing those unions that have launched recruitment campaigns specifically targetted at part-timers.

According to the study, about 12 per cent of the workforce is part-time in establishments with recognised manual unions compared with 22 per cent where unions are not recognised. There is a "broadly similar" picture for white-collar staff.

The study – based on analysis of the 1980 Workplace Industrial Relations Survey – identifies the typical "part-time using establishment" as being large, in the private service sector and having an "informal pattern" of industrial relations.

It also finds a "strong assocation" between industries relying heavily on part-timers and those employing large numbers of women. In eight of the 12 industries identified as "part-time using," women make up more than half the workforce.

About 75 per cent of all part-timers are said to be concentrated in these 12 industries, which include food, textiles and leather, clothing and footwear, education, medical services, hotels and pubs, insurance and other services.

Part-timers constitute 11 per cent of the workforce in establishments with formal procedures compared with 21 per cent in those without. From the employee side, 72 per cent of all workers have formal procedures at their place of work, but only 57 per cent of part-timers do.

The study points out that the growth in part-timer working may not be led by employer demand but may be a response to a wish for flexible work patterns on the part of the "large body of female workers who make up the bulk of part-time employees."

It also comments that the growth "seems to have conveyed benefits on both employers and employees."

Part-time Employment in Great Britain by David Blanchflower and Bernard Corry. Department of Employment Research Paper No 57.

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Achievement to build on

THERE ARE two wrong ways to react to the US-Soviet agreement to eliminate intermediate-range nuclear forces (INF), which has now been reached "in principle" and seems virtually certain to be signed by the end of the year.

One, which should by now have been sufficiently warned against, is to greet it as of and by itself ushering in a wonderful new era of detente in which, as Lord Carrington so biblically put it in his address to the Royal Institute of International Affairs on Thursday, we should expect to see "lions lying down with lambs or T-72 tanks being beaten into Ukrainian tractors."

The other is to bewail it as the opening of a great breach in western, and more particularly West European, security. According to this theory, the real reason for deploying American INF missiles in Europe was to fill a credibility gap in the US nuclear guarantee—the problem being that a US president could not credibly be expected to initiate an intercontinental nuclear exchange, leading almost certainly to the destruction of the United States and probably of civilisation as a whole, as a response to an attack on western Europe by the Warsaw Pact.

As a matter of history it is true that this argument prompted Chancellor Helmut Schmidt to persuade other west European governments to join him in requesting the deployment of such missiles in the first place. But many defence experts on both sides of the Atlantic were never convinced by it.

Politically acceptable

Many such experts never believed that the "Euromissiles" were a *military* necessity even to counter Soviet SS-20s. What was indisputable was that *politically* they were much easier to sell to west European public opinion on that basis and that, with time, the correction of the imbalance in this category of weapon became a crucial test of western unity and resolve in the face of all kinds of Soviet blandishments and pressure.

Happily, Nato has passed that test. The missiles were deployed, and now Mr Gorbachev has accepted the zero option, agreeing to purchase the destruction of the American missiles with the destruction of the much larger number in his own armoury. To regard this as a diabolical blow to western security and cohesion requires a degree of perversity amounting to masochism. No west European should sleep less easily at the thought of the SS-20s, and indeed some shorter-range missiles, being destroyed. On the contrary, we all have good reason to feel that much safer.

But only that much. The two superpowers still have strategic weapons of many varieties pointed at each other, and at each other's allies, threatening the entire population on both sides with destruction many times over. Mr Gorbachev has suggested that an agreement to halve these arsenals on each side could be reached by the middle of next year; but it is not yet clear whether he meant he was no longer making such a deal conditional on the abandonment of President Reagan's Strategic Defense Initiative. Unless he meant that, the world is likely to have to wait at least until 1989 for any real progress on strategic arms reduction.

European fears

In Europe there are also "tactical" nuclear weapons, particularly disliked by the Germans who know that it is in Germany, East and West, that they might one day explode. Some Germans fear that the removal of INF, by widening the gap between tactical and strategic weapons, may make the former seem that much more usable.

But the same reasoning applies far more forcibly to the next stage down — the relationship between tactical nuclear weapons and conventional weapons. Here there is a deep structural imbalance in Europe and there can be no doubt that, the further nuclear disarmament goes, the more vulnerable many west Europeans will feel to a hypothetical Soviet conventional attack.

If European fears are not to become a severe brake on the process of detente and disarmament, it is essential for the conventional and nuclear disarmament talks to proceed in tandem. Precedent, to judge by the long, sterile years of talks on "Mutual and Balanced Force Reductions" in Vienna, is hardly encouraging, and the new formula for "Conventional Stability Talks" is not intrinsically any more promising.

If there is a chink of hope, it comes from the new "defensive" military doctrine proclaimed by the Warsaw Pact, and from the willingness of Soviet arms control specialists, at least in informal discussions, to admit the need to correct imbalances in conventional forces and to discuss those forces' structure as well as their size. If these statements are followed through in serious negotiating positions when the talks start (presumably some time this winter), there may be real hope of progress. That would certainly be the area of arms control in which a new, improved climate of east-west relations could bring the most tangible benefit to Europeans.

ARMS CONTROL

A deal which cannot hide the divisions

THE AGREEMENT in principle reached last night between the US and the Soviet Union on a treaty to abolish intermediate-range nuclear forces (INF) worldwide is undoubtedly more important politically than it is militarily.

Though more than 1,000 nuclear missiles with a range of between 500 km and 5,000 km will be eliminated — with the Soviet Union having to destroy many more warheads than the US — these represent no more than 3 to 5 per cent of the two countries' nuclear arsenals.

Nevertheless, one has to start somewhere—as Mr George Schultz, the US Secretary of State, said yesterday at a press conference following the conclusion of three days of intensive talks with Mr Eduard Shevardnadze, his Soviet opposite number.

From the point of view of East-West relations in general and the bilateral relationship between the US and the Soviet Union in particular, there can be no doubting the significance of the first-ever agreement involving the destruction of nuclear weapons and the first superpower arms control accord since the unratified SALT II agreement of 1979.

Technical details still need to be settled at a meeting between the two foreign ministers in Moscow next month. But both sides have expressed determination that an INF treaty will be signed at a summit meeting between Mr Ronald Reagan and Mr Mikhail Gorbachev in Washington in the autumn.

It was symbolic of the political will on both sides that the main obstacles to an agreement—the Pershing 1A missiles owned by West Germany, but with warheads controlled by the US—was overcome in a commonsense manner.

Moscow had demanded that the missiles be included in a treaty, but the US had consistently refused arguing that "third country" systems, which included the British and French nuclear forces, were not a matter for negotiation. In any case, the INF treaty was about missiles and not warheads, the US repeatedly pointed out.

Mr Helmut Kohl, the West German Chancellor, had smoothed the way to breaking the deadlock by undertaking that Bonn would dismantle its 72 missiles once a superpower INF agreement was implemented. That left untouched the US warheads for these missiles, however.

The solution finally agreed by the two sides was that when the missiles themselves were eliminated, the warheads would be dealt with like any others. Their nose cones would be destroyed, but their contents—the fissionable material and guidance systems—would be returned to the nuclear arsenals of their respective countries of origin.

The timetable for phasing out medium-range missiles remains a problem to be worked out by the two foreign ministers at their meeting next month.

But this, as the Secretary of State emphasised, is essentially a technical problem to do with the time needed to destroy the chemical substances in the missiles, on which the US and the Soviet Union had different views. It would not be allowed to stand in the way of final signature of of an INF pact.

The euphoria about the imminence of an INF agreement should not be permitted to obscure the fact that on the major issue of strategic nuclear missiles (START) and the sensitive issue of Mr Reagan's "Star Wars" initiative, the gap between the two sides is still very large. "There is a great deal of work to be done beyond any INF agreement," Mr Shultz warned yesterday.

Though the US tended to put a more optimistic gloss on what had been achieved in this field than the Soviet Union, it is plain that the link Moscow has established between a START agreement and its demand that the US abandon its space defence project remains as large a problem as ever.

Mr Shultz indicated that progress had been made on the numbers and categories of strategic missiles to be retained by each side in the context of a 50 per cent overall reduction. He also said that the US had tried to reassure Moscow about the Star Wars project by offering a concession on the period during which the US would undertake not to withdraw from the 1972 Anti-ballistic Missile (ABM) Treaty, which controls the anti-missile defensive systems of both sides. The US and the Soviet Union have at least agreed on the concept of a non-withdrawal period, though its length remains to be determined.

Yet the fact remains that the US Administration intends to go ahead with its Strategic Defence Initiative (SDI), as yesterday's decision by the Pentagon to speed up research in key areas of the project makes clear. Whether real progress has been made on what is the correct interpretation of the ABM treaty or what does or does not constitute testing of space defence weapons, is doubtful. Certainly, Mr Shevardnadze sounded a warning note when he said that much more progress was needed on the related issues of strategic and space defence weapons before the summit.

Doubtless, too, the basic arms control concepts of the two sides remain very different. At his final press conference, Mr Shevardnadze said that the two countries had made "the first major step towards a nuclear-free world."

That is certainly not the view of the US and its North Atlantic Treaty Organisation allies. Lord Carrington, the Nato Secretary General, made it plain in a speech at London's Chatham House last Friday that nuclear weapons would remain essential to the Alliance's defence. He underlined the importance of Nato's flexible response strategy, which is based on a mix of nuclear and conventional weapons. Lord Carrington's warning echoed an earlier statement by Gen John Galvin, Nato's supreme commander in Europe, that the Alliance should stick to its commitment to modernise nuclear tactical weapons as a way of ensuring continuing nuclear defence after the medium-range weapons have gone.

A note of caution amidst the euphoria is therefore in order. The stage may have been set for an improvement in the superpower relationship and East-West relations, but the trail blazed by Mr Shultz and Mr Shevardnadze is still strewn with rocks.

Robert Mauthner

Colder days in Reykjavik

Why Mr Reagan has the harder task

"DETENTE" is a word Reagan Administration officials prefer not to use to describe the improvement which is taking place in US-Soviet relations.

Their President came into office pouring scorn on the way his predecessor pursued that concept. In Mr Reagan's view, detente in the style of Nixon and Kissinger was a one-way street running in Moscow's favour. "The only morality they (the Soviets) recognise," he said in a speech in 1981, "is what will further their aims, meaning they reserve unto themselves the right to commit any crime, to lie, to cheat in order to attain that."

Mr Shultz was asked in the light of yesterday's remarkable agreement: "Is this the beginning of the Reagan Administration's version of detente?"

His answer will have left Mr Reagan's dwindling band of supporters on the right of the Republican Party seething. "Well," he said in a bland monotone belying the significance of his words, "things have changed tremendously in the relationship between the United States and the Soviet Union... we see very worthwhile discussions and movement in terms of behaviour in the human rights area, our discussions on regional issues have become increasingly rewarding, although we haven't made any definite progress in those fields, our bilateral contacts have increased and we are readdressing and making progress on arms control matters. I wouldn't put a label on it and I think there is a distinct difference between what is going on now and what was taking place 10 or 15 years ago."

It is against this background that the next phase of arms control negotiations will take place. Western military experts agree that while removing the INF missiles from Europe may not weaken the West, it is bound to force Nato to think even harder about the balance of conventional military power.

Administration officials are already saying that to meet this challenge the European allies need to start building up their conventional forces. This is part of the broader debate about whether an economically less dominant America can continue to carry so large a defence burden internationally. As trade and economic policy issues are stirred into this debate, the brew could become more explosive and divisive.

No wonder even the Administration's own Soviet experts are talking about "detente two." But that should not lead anyone to ignore Mr Shultz's caveats. Washington's relationship with Moscow may be moving into a more business-like phase, but it promises to remain convoluted. Yesterday's shooting of an American soldier in East Germany is a fragmentary reminder of the point.

Mr Reagan's rationale for the arms control agreement is plain enough; it builds on his "peace through strength" approach. On the one hand there will be tough verification procedures, on the other the Star Wars programme will continue.

Apart from being able to claim fidelity to principles, Mr Reagan also has the prospect of a foreign policy "success" which could elevate him as a statesman and strengthen the Republican Party's electoral platform next year.

But the president's claims of constancy cannot conceal the landshift which has occurred. The most ferociously anti-communist President since the 1940s is legitimising arms control and so making it harder for those on the right to block further, more militarily significant deals on space defences and long-range strategic missiles. Here, Mr Reagan is already giving ground to Congressional Democrats led by Senator Sam Nunn.

All of this is underpinned in the popular American mind by the Gorbachev factor. A State Department official pointed out last week that polls show the promoter of *glasnost* to be the most popular Soviet leader of the post-war period among both Americans and Europeans.

This newfound Soviet skill in manipulating the media has time and again put Washington on the defensive and made it harder for an American President to score easy propaganda victories with his own allies. As Mr Shevardnadze yesterday proudly listed the concessions Moscow had made to get an INF accord, praised Western allies (including West Germany) for helping to make it possible — the word ally was never mentioned by the President or Mr Shultz — and obliquely inquired about the views of the hardline US Defense Secretary Caspar Weinbgerger, it was clear that the Soviet peace offensive was in full swing.

Mr Gorbachev may well thus find that his own diplomatic task in Western Europe, of wooing America's allies with peace overtures, is easier to accomplish than Mr Reagan's—which remains to press his allies to increase their military budgets. Mr Gorbachev is, to boot, a European leader not separated from Western Europe by an ocean.

Stewart Fleming

Man in the News

Edward Schevardnadze

A man of the south with a ready smile

by Edward Mortimer

WHEN EDUARD Shevardnadze made his debut on the world stage in Helsinki in July 1985, all those who saw him were inevitably struck by the contrast with his predecessor, Andrei Gromyko. Earlier that month, Mr Gromyko had been promoted to head of state after 28 years of unbroken tenure as Soviet foreign minister.

Gone was the lugubrious and taciturn figure of "Old Grim-Grom" and in his place was a man of the south with a ready smile; a man who spoke volubly with a thick Georgian accent, using his hands as he did so: a man easily approachable, even for the Western media.

But, of course, the contrast was equally striking between the authority which Mr Gromyko derived from a lifetime of international diplomacy and his successor's inexperience in foreign affairs.

Mr Shevardnadze had spent virtually his entire life in Georgia and, so the saying went, "his only foreign language is Russian." Many observers were struck by the awkwardness with which he ploughed through his prepared speech, the diffidence in his public manner, even a degree of gaucheness about his small talk.

"He knew nothing," recalls a diplomat who sat in on his first talks with one of his Western opposite numbers. "But even then he had a rather light touch, a humorous way of dealing with difficult matters. You could already see traces of the Shevardnadze hallmark."

Two years later, as Mr Shevardnadze emerges from the negotiation of the first major US-Soviet agreement in nearly a decade, no one any longer thinks of him as inexperienced, diffident or gauche; and no one expects to catch him out on points of detail — unless it be the occasional Russian grammatical slip. The consensus on the diplomatic circuit is that "he has learnt his trade with remarkable rapidity."

In fact, his position as a full member of the Soviet politburo—and reputedly one of Mikhail Gorbachev's closest political associates — gives him an authority wl ich Mr Gromyko certainly lac.ed at a comparable stage in his career.

Gromyko was above all a *professional diplomat*, functionary of the state — and in the Soviet Union state officials, up to and including ministers, only execute policy, which is decided by the party.

So even as foreign minister Mr Gromyko was, for a long time, quite a junior figure in political terms. It was not until 1973 that he joined the politburo, and only when former President Leonid Brezhnev was visibly losing his grip in his last year did Gromyko come to be seen as the principal architect of Soviet foreign policy.

Mr Shevardnadze, by contrast, made the transition from state to party responsibilities in Georgia as long ago as 1972, when he was promoted from being interior minister to the First Secretaryship of the Georgian Communist Party.

The promotion occurred in particularly dramatic circumstances. His predecessor as party leader, Vasily Mzhavadze, had actually dismissed Mr Schevardnadze from his ministerial office for "excess of zeal" because of his attempts to crack down on local rackets *in which, as it turned out,* the party itself was heavily involved.

Somehow — allegedly by going to Moscow with a suitcase full of evidence collected from police files over the previous six years — Mr Shevardnadze turned the tables on Mr Mzhavadze and was given his job. So began an eventful 13 years as Georgian party leader, during which his drive against endemic local corruption, though not 100 per cent successful, brought him a considerable reputation for toughness and efficiency.

No less important for his future career, however, were his bold experiments with economic reform on the Hungarian model. He allowed factory managers some discretion to plough back or distribute profits, offer *material incentives to workers*, and even make decisions about production and other operations without constant reference to Moscow.

Similar ideas were applied to agriculture. The results were good: both the declining growth rate and the flight from the land were reversed; supplies of consumer goods (and consequently overall living standards) improved notably faster than in Russia.

All this gives Mr Shevardnadze a special status in the present context—perhaps the only man in the Soviet Union who has shown that *perestroika* can work in practice. Even Gorbachev himself, with his more restricted powers first as district party secretary in Stavropol, southern Russia, and later as the politburo member responsible for agriculture, did not have the opportunity to do that.

Stavropol is close to the Georgian frontier, and it is thought that the two men have *known each other since* the 1950s. Certainly they have very similar ideas on economic reform and on the need for a drastic cleansing of the Augean stables of Soviet bureaucracy. Notable effects of Mr Shevardnadze's tenure at the foreign ministry have been an increase in its efficiency and the promotion of a new generation of hardworking senior officials.

Precisely because he is so close to Gorbachev, Mr Sheverdnadze's personal input into foreign policy proper is very difficult to identify. Announcements of major new initiatives seem always to be made by Gorbachev himself, and the discussions which must precede them remain hidden from the outside world.

No one doubts that the influence of Mr Anatoly Dobrynin, head of the international department of the party's central committee, is also extremely important. Having served for many years as ambassador in the US, he makes up for Mr Shevardnadze's lack of experience. This arrangement—a foreign ministry man in the party's top international position and a party heavyweight as foreign minister—ensures great coherence in the implementation of foreign policy; and there are few if any visible personal differences.

It seems a fair assumption, though, that Mr Shevardnadze's own role within the trio is growing and will continue to grow, as he adds foreign affairs experience to his already formidable political credentials.

All the news that's fit in colour

James Buchan reports on the first five years of USA Today

FIVE YEARS ago this week, the first copy of USA Today rolled off presses outside Washington and pronounced itself The Nation's Newspaper: the first general interest national newspaper to be published in the US.

It was greeted with derision. Editors and professors of journalism saw its toy colours, tricksy graphics and titbit stories and dubbed it McPaper: the news equivalent of junk food, the infantile diet of a nation reared on television.

Wall Street had other complaints. Gannett, USA Today's publisher, was a rock-solid company. For more than 70 years, it had made good money from acquiring dim little papers in monopoly markets.

But a national newspaper was something quite different. In the UK and Japan, national daily newspapers blanket the country but the US newspaper market has always been fragmented among relatively small local and metropolitan dailies. Even a newspaper as well-known and distinguished as the Boston Globe has a circulation little greater than 500,000.

In the mid-1970s, the Wall Street Journal pioneered the use of satellite printing to publish all over the country and build a circulation of 2m. But this was a special-interest business newspaper which did not meet the metropolitan newspapers head-on.

So what was Al Neuharth, Gannett's dictatorial chief executive, up to? Wall Street is now getting its answer.

Allen Neuharth's USA Today is the greatest success in the history of newspaper publishing. It is the most popular newspaper in the US, claiming a readership of 5.5m and sales revenues of $250m (£152m). After five years of losses which would have crippled a news organisation weaker than Gannett (1986 revenues: $2.8bn), USA Today will report a profit in the current quarter to December—as foreseen in Mr Neuharth's five-year plan. "I never bet the company," says Mr Neuharth.

Despite some $460m in losses from its flagship, Gannett has notched up 79 quarters of unbroken earnings growth. Its stock price has risen five-fold since the launch of USA Today. And though the newspaper and Gannett are still despised by the American news establishment, editors all over the country have imitated the paper's lavish colour and crisp writing, its graphics and even its weather report. The nearest UK equivalent, Eddie Shah's Today, was launched without success and had to be rescued by Rupert Murdoch.

Mr Neuharth is "the sort of man," a friend once said, "who would go after Moby Dick with a rowboat, a harpoon and a jar of tartare sauce." USA Today was his obsession. It was the project that would turn Gannett from a "bunch of shit-kicking little newspapers" into a group as esteemed as the New York Times company and Dow Jones. "We were receiving credit for our profits, but not our professionalism," he says.

In a book published last Tuesday*, a Gannett journalist gives a harrowing account of Mr Neuharth's single-minded pursuit of his goal. Hard-driving, foul-mouthed, unpredictably savage or considerate, he threw himself at every detail of the newspaper, from the all-important satellite and colour printing technology to the length of headings and the design of street-corner newsracks.

He pushed journalists to the edge of nervous collapse, plundered staff and capital from the other 89 Gannett daily newspapers, and ran through no fewer than six presidents at the USA Today company. In the darkest days of November 1984, when USA Today was losing $10m a month because of a lack of advertising, he staged a mock Last Supper for his executives at a Florida restaurant, donning a crown of thorns and carrying a cross.

Mr Neuharth has quietened down a bit since then, but he is as news-struck as when he started his career as a sports reporter in South Dakota in 1950. Now 63 and looking more than ever like a matinee idol, he has retired as Gannett's chief executive. But he remains its chairman and highest-paid general reporter, on a salary of $1.5m a year.

In the study of his sea-front home at Cocoa Beach, near Cape Canaveral, there are five television sets and a USA Today newsrack with the day's paper on show in the window. He bashes out his relentlessly cheery and patriotic stories on a 1926 Royal typewriter, one of six that are cached about the Gannett empire for his use. Like many great newspaper publishers, Mr Neuharth is all ham.

But there is no questioning his business sense. The key to success was satellite printing. The US was always thought too far-flung for a single newspaper, even if delivered by air. "It seemed to us that some form of national daily print was inevitable once the satellite was harnessed," he says.

Gannett, which was printing in 30 out of 50 states, was "positioned as no other company."

The market Mr Neuharth wanted was simply himself multiplied: rootless, sports-mad, what Madison Avenue calls "upscale," and impatient with the ponderous and worthy fare of the metropolitan American newspapers.

"We wanted to provide a newspaper for the television generation: colourful rather than dull, fast-paced rather than boring and slow. We borrowed heavily from television and the news magazines and we developed a writing style of our own," he says. The distinctive blue-and-white newsracks were designed in the shape of televisions.

His editorial approach, inherited by John Curley, his successor as chief executive, has won grudging support. Even his critics admire the sports and business sections of USA Today, which are packed with information, much of it tabular and all of it well presented.

It is the main news section that is criticised. The coverage is patchy, editorial comment is uncontroversial, the tone is wearisomely upbeat and there are many stories based on statistics of the pub-bore variety. One such story in 1983 was headed MEN, WOMEN: We're still different.

"USA Today presents itself as a newspaper. In fact, it is a daily magazine," says Ben Bagdikian, a professor at the University of California, at Berkeley, who fiercely dislikes Gannett. "It is a poor diet for people who think they are getting serious news," Mr Neuharth himself accepts that the paper's front page is too "soft."

Critics also say that USA Today's claim on the No 1 spot is tenuous. The most recent circulation figure of 1.5m copies, including about 200,000 delivered free by hotels and airlines, is well short of the Wall Street Journal's 2m in paid circulation. Both numbers are shy of Mr Neuharth's original five-year target of 2.3m.

The readership is also fragile, with the bulk of sales still being done through newsracks and as a second read. And the paper lacks the local news and advertising that make regional newspapers indispensable.

"It's tougher to hold readers than if you're the monopoly newspaper in Utica, New York," says Mr Neuharth. "We may be a national institution, but we're not a national tradition yet."

* *The Making of McPaper: The Inside Story of USA Today, by Peter Prichard; Andrews, McMeel and Parker, Kansas City; $19.95.*

The plight at the opera

Antony Thorncroft looks at the troubles at London's Covent Garden

AS THE board of the Royal Opera House Covent Garden last night wrestled with its latest crisis—a dispute with its chorus over pay—it must be wondering when it will be in a position to confine its dramas to the stage rather than to front of house.

The intransigence of the chorus in seeking parity with colleagues at the English National Opera forced Covent Garden to delay the start of its new season. Six performances have been cancelled, with an immediate loss of £240,000 of revenue. Forward bookings have also suffered.

The dispute could not have occurred at a worse time for the Royal Opera House. As the main beneficiary of state aid for the arts, it is also the chief victim of the Government's determination to force arts organisations to fend more effectively for themselves. This year, Covent Garden's Arts Council grant was raised just 1 per cent, to £13.2m; for the next two years it has been told to expect only 2 per cent increases—a cut in real terms.

Such treatment of Covent Garden is not unpopular among other arts institutions in the UK which are jealous of its almost 10 per cent slice of the total Arts Council budget. But the Opera House would argue that in an international context, it is clearly unfair. Its reliance on subsidy has been falling and now accounts for only 48 per cent of its income. Rivals abroad get much more from the state—Paris Opera receives 85 per cent and Milan's La Scala 73 per cent.

The cut in subsidy in the current year presented the Opera House with a projected deficit of £2m. It has been warned of dire conseqences if it does not manage to balance its books by 1990 so, faced with limited options, it increased its seat prices by 40 per cent for the new season. The top seat price rose from £42 to £70. This should produce an extra £700,000 in income—but this still leaves a nasty shortfall, made progressively worse with every performance cancelled because of the dispute with the chorus.

This is the depressing situation that Sir John Sainsbury, the new chairman of Covent Garden, faced when he returned from holiday this week. He is loath to concede defeat to the chorus, mainly because the knock-on effect on other Opera House staff could be financially disastrous. As Mr Paul Findlay, the newly appointed opera director, says, "we have no money. We are in debt to over £1m. Any responsible board would say we are spending money that we do not have."

Yet quick economies are out of the question. An opera house must plan at least three years ahead. Decisions have been made about the Covent Garden repertoire up to 1990, and contracts signed with artists. Cancellations and alterations are expensive.

Also, with payroll costs accounting for almost 70 per cent of expenditure, there is little oportunity to make substantial savings without sacking staff. All the Opera House can do is attempt to maximise revenue. Another rise in seat prices is a real possibility, and patrons will be expected to pay much more for performances by the big names—the Domingos and Pavarottis.

Apart from higher seat prices Covent Garden will launch a subscription scheme in the New Year and attempt to increase its marketing and merchandising income. It seems to have come to a temporary plateau in its efforts to persuade business to sponsor new productions—it brings in £3m a year from sponsorship of all kinds.

It also has limited opportunities of attracting a larger audience—its average attendance of 85 per cent last season was good by any standards.

On top of its financial problems Covent Garden faces an image crisis which is perhaps just as worrying. It consistently gets a bad press. When it attempts to economise — as it did at the end of last season by mounting a long run of performances of Puccini's sure-fire success La Boheme — it is criticised for lacking imagination. When it attempts something new—last season saw an unusual production of Wagner's The Flying Dutchman—it finds itself butchered by the critics.

When it buys into overseas productions, over which it has little creative control, it is hammered for putting second-rate material on the Covent Garden stage. Yet without such cost saving deals, operas such as Rossini's La Donna del Lago would never be seen in London. When it employs Placido Domingo at over £10,000 a performance it is criticised for deferring to the star system, even though such bookings are a good investment in terms of box office appeal.

It is likely that Covent Garden will go some way to meeting the objections of its critics. In the next few years it will use top British singers more frequently. It is also planning to arrange performances of some ofthe popular successes created by the regional opera houses, such as the Welsh National Opera.

For too long Covent Garden has been resting on its laurels, bemoaning the fact that it does not attract similar state subsidy to the world's other leading opera houses. But its domestic rival, the ENO, has prospered on half the level of Arts Council grant by concentrating on performing in English with home-grown singers, and by giving an impression of imaginative programming, which ensures the support of sponsors.

An even more threatening parallel to the Royal Opera House is Glyndebourne which receives no subsidy at all for its main summer season. Glyndebourne survives by attracting reasonable singers, who are prepared to accept modest fees because they enjoy the atmosphere of the place, and by building up a waiting list of prospective sponsors, who appreciate its entertainment facilities—which are far superior to what Covent Garden can offer.

The feeling at Covent Garden now is that things are so bad they can only get better. As the Garden's new management team takes over—apart from Sir John Sainsbury and Mr Paul Findlay, Mr Jeremy Isaacs moves over from Channel 4 next year as general director—morale may recover.

And the board is planning a more popular approach for the 1990-92 period. It is actually looking forward to the two years of exile that follow during which the Opera House is to be renovated—and Covent Garden will be forced to experiment. One scheme much favoured is seasons of opera classics like Verdi's Aida at the Royal Albert Hall.

But such enthusiam would be quickly dissipated if the strike continued. Within two weeks Covent Garden will have to decide the fate of its main new production of 1987-88, Wagner's Parsifal, which still, significantly lacks a sponsor. It has already had its budget halved in line with the economy drive which has extended to the sets and costumes, but its cancellation, or postponement, would tell the world that the current malaise at the Royal Opera House is critical, if not terminal.

Letters to the Editor

Employee shares

From the Executive Director, Job Ownership

Sir,—In your main leader "Capitalism, thinly spread" (September 15) you are understandably a little sceptical about the claims of Mr Nigel Lawson, to have effected a "major cultural change" through spreading industrial share ownership — substantially, in your phrase "as a by-product of the privatisation programme." Those of us who believe that employee share ownership (and employee ownership in the wider sense) is a potentially more effective instrument for achieving the desired cultural change will share your scepticism.

There is all the difference in the world between the feelings of an employee who owns a "stake" in the "action" of his own company and those of the same employee who happens to have held on to a parcel of shares in British Telecom. The latter may just possibly have a greater interest in the wealth creation process than he would do without his BT shareholding. But the former's interest in the success of his own company is qualitatively different. Anyone who has attended the annual general meeting of companies which are predominantly employee owned — like the National Freight Consortium or the Baxi Partnership — will testify to that.

Moreover without a stake in his or her business, I suspect that the attitudes of the typical employee would remain much the same, even if — through those major changes in the tax system which you admit are improbable — his or her parcel of BT shares was replaced by a small individually owned equity portfolio. Surely most of us who have been or are small shareholders in businesses with which we have no other connection find it all but impossible to muster any real feelings of loyalty towards them: irritation with almost endless circulars is likely to be a common reaction.

If this analysis is correct then tax and other measures to encourage the further spread of employee ownership are likely to change attitudes—and thus improve performance — much more directly than any of the various alternatives. Partly for reasons which you spell out, the best approach is probably a piecemeal and experimental one. The obstacles to a major reform of the tax system are just too formidable to be realistically proposed. But if a piecemeal approach was adopted then the experience of employee stock ownership plans (ESOPs) in the US points us to what would be the single most desirable set of piecemeal measures. Unlike their counterparts in Britain, trustees of an American ESOP may borrow money to buy shares in their sponsoring companies on behalf of employees and they may then use pre-tax dollars to pay off those loans and meet interest charges on them. The existence of this enabling legislation is the single most important reason why employee ownership has spread so much more extensively over there than over here. Yet government continues to resist proposals to introduce similar measures in Britain. And for one reason or another your leader writer chose to ignore the question.

Robert Oakeshott.
9, Poland St, W1.

An honourable trade

From the Managing Director, Arthur Bartfeld Group.

Sir, — I was most interested to read the article (September 12) about the West German fur trade. As a third generation fur trader who has been frequently attacked and misquoted by what you describe as the "UK gutter Press" it is a relief to find an honest straightforward report about our trade instead of the misguided sensationalist attacks to which we have recently been exposed and to which we have unfortunately become accustomed.

I would, however, like to point out a few errors in your article. My maternal grandfather (originally from Russia) and my father, both Jewish fur traders from Leipzig, as well as other Jewish traders, did not leave Leipzig for London and New York because of the "Nazis tight exchange controls"—they considered it prudent to evade the gas chambers. The local German fur trade moved to Frankfurt, but the international "Fur capital of the world" became London and even today London fur merchants and brokers handle 60 per cent of all Russian furs, 50 per cent of all Scandinavian furs and a large proportion of the Canadian and American fur production. The considerable value of the international fur trade to the UK economy is generally unknown or ignored.

I also wish to comment on "The recent cross-Channel squealing over cats." All European catskins that are used in the trade come from dead animals that have been put to sleep by vets. Vets kill animals, not fur traders. If you handed me a cat and asked me to kill it, I would not know how or where to start and quite frankly would be incapable of the deed. The cat is the only fur bearing animal that is not killed for its skin but because it is sick or unwanted. Accusations in the press that people's pets are being stolen at night and sold to the fur trade are absolute nonsense and totally ridiculous, which can be proved by the low value of the article. Who, in his right mind, would go out at night to steal a pet, kill it, skin it (a messy business) and smuggle it into a legitimate trade all for one pound? An unusual side effect of anti-cat-fur articles in the press is that they regularly stimulate demand for the product they are trying to attack.

Let me enlighten you on a few facts about the trade. Furs are comparatively less expensive today than they were 20 or more years ago. With the exception of a few items they are no longer reserved for the "mega rich" but are available to all. Furs are a necessity in cold climates and a fashion item elsewhere, beyond US and Germany. Italy, Spain and Japan are also major markets. It is an extremely honourable trade. Contracts for hundreds of thousands of pounds are made by word of mouth. Written contracts are not needed. The trade is one of the leading supporters of conservation. We have been active in conservation for decades, long before it became fashionable. If all animals were killed, what would happen to our business? No reputable fur trader worldwide will handle skins originating from endangered species.

Despite attacks on our trade from numerous sources, the 1986-87 season showed excellent retail sales worldwide and considerable advances in raw skin prices. These attacks have generally affected primitive people much more than fur traders and have not necessarily advanced the situation of any species. Frequently the opposite.

Peter N. Bartfeld.
62 Upper Thames Street, EC4

Profit-related pay

From the Chairman, Copeman Paterson

Sir,—Mr Laurie Brennan (September 15) has listed well the advantages of profit-related pay. I would go further and say that one of the two permitted methods of applying the system is highly motivational. It could encourage employees to strive for a quadrupling of profits. Moreover, one can do a piggy-back scheme, shares on top of cash.

It is to be hoped that before long the Government will provide an official linkage between cash schemes and share schemes. I suggest that companies should initially register PRP schemes for one or two years, ready to re-register with modifications when and if the Government allows this quite reasonable linkage. In any case, the companies may want to modify their schemes in the light of experience.

George Copeman,
10 Buckingham Place, SW1.

No mean City

From the Chairman, Planning and Communications Committee, Corporation of London

Sir,—Most of the points made by Clean (September 15) are not new. They appeared in the report "Mean City" published in July 1986 and also featured in the objections to the local plan for the City on which a public inquiry was held earlier this year. In fact Clean sponsored over 100 objections to the plan and appeared regularly before the inspector to argue their case during the summer. The inspector's report is still awaited and therefore the validity of the arguments which Clean put forward has not yet been confirmed. The impression which one gains is that Clean is a small group of self-appointed critics of the Corporation who can show no real public support for their opinions. Nor are the assertions in the latest manifesto supported by hard evidence. Indeed, the policies of the Corporation are grossly misrepresented in the report.

Take for example the assertion that the Corporation favours "traffic at the expense of pedestrians." For many years the Corporation has consistently pursued a policy of diverting traffic away from the congested centre and this has been backed by repeated exercises in public consultation and evidence from expert bodies. Mr Allan of Clean has equally consistently opposed the highway improvement schemes that are the essential prerequisite for freeing streets at the historic heart of the City for possible pedestrianisation. The inevitable consequence of Mr Allan's policies would be to impose on adjoining boroughs the increased congestion due to the City not looking after its own traffic problems.

Nor is it correct that the Corporation encourages commuting by car. Pricing policies at its multi-story car parks deter all day parking but it would be far too drastic to forbid such parking altogether.

Mr Allan complains about the lack of open spaces and their quality—in fact, there are more than 140 and the City has once again won a major award for its planting schemes which are the source of admiration throughout the capital.

As to sports facilities, there are of course many provided privately which are proving popular with City workers. Given the fact that land is in extremely short supply and is very expensive, it would be totally unrealistic for the Corporation to seek to acquire sizeable areas for sports facilities. Moreover, most of the City's rate is diverted to outer London boroughs precisely because it is felt to be more appropriate to have social facilities where people live rather than where they work. While the private sector is adequately meeting the demand for specialist sports facilities, there is no adequate reason why ratepayers' money should be used for the same purpose and we are certainly not going to require such facilities by way of planning gain as a price for granting planning consents. Such an approach, although favoured by Clean, would be totally contrary to Government guidelines. Other London boroughs may be less scrupulous in this regard, but we believe that the system operated by the City Corporation is precisely as intended by policy-makers under successive governments.

Michael Cassidy,
Members' Room, Guildhall, EC2.

The price of milk

From Mr O Dowding.

Sir,—You reported (September 14) that the price of milk was to rise by 1p in October due to increased prices paid to producers. If only that were the case.

Producers currently receive about 8.6p per pint (depending on quality). Their share of the penny increase will be less than 0.4p. This is less than the rate of inflation, as it has been for many years, thus leaving farm incomes at their lowest level, in real terms, since the war.

Furthermore, the farmer will be unlikely to receive this much, as the increase only applies to milk sold on the liquid market, or 48 per cent of supply.

The Dairy Trade Federation has for years enjoyed a cost-plus system of price increases, and always blame them on higher prices paid to farmers. The practice will have to end, as the facts do not support the case.

Oliver Dowding,
Hill Farm House, Shepton Montague, Wincanton, Somerset.

UK COMPANY NEWS

LIG makes £48m Italian purchase

BY DAVID WALLER

London International Group, the world's largest manufacturer of condoms, is to double its business in continental Europe with the acquisition of HATU-ICO, Italy's leading condom maker and a producer of over-the-counter health and personal care goods.

The cash consideration of L103bn (£47.9m) is to be raised by a £50m issue of convertible Eurobonds, giving rise to a 9 per cent increase in LIG's equity, too low to require the company to offer the bonds to its existing shareholders.

Bologna-based HATU-ICO has approximately half Italy's rapidly expanding market for the only recommended form of protection against AIDS, with sales of its "Contatto," "Settebello" and other branded products totalling around 75m items a year.

In addition, it markets a range of deodorants; toiletries and toys under the "Mister Baby" brand name, and the "Sauber" sun creams.

It also has a loss-making medical products division, which LIG intends to restore rapidly to profitability possibly by switching capacity to the production of condoms.

Mr Alan Woltz, LIG's chairman and chief executive, said that the acquisition "fits like a glove, filling out our presence in Southern Europe to balance our strength in the north. Furthermore, there are many economies of scale."

In the UK, LIG has close to 96 per cent of the condom market, which is growing at the rate of 20 per cent a year, stimulated by fear of AIDS and the government advertising campaign. The market is growing at the same rate in Germany—and Italy, where LIG's market presence was hitherto small.

In 1986, the HATU made operating group made operating profits of £4.9m, on £52m turnover—which compares to the £27.1m pre-tax profits achieved by LIG in 1986-87, on £252m turnover.

Health and personal care products accounted for some £18m of HATU's turnover and made profits of £3m; the higher margin condom business made approximately twice that amount of profits on sales of £11m.

Medical products lost £3m on £12m turnover. The balance of the turnover came from HATU's Spanish subsidiary, Hispano-ICO, a distributor of LIG's "Durex" condoms and other personal products.

Mr Woltz said that he had sought to raise money by way of a bond issue because it was cheaper to the company than a standard rights issue. The coupon was fixed last night at 4½ per cent, and they are convertible into shares at 452p, a 25.91 per cent premium over last night's closing price of 359p, 7p up on the day.

See Lex

Fuji Bank shares get full listing on London market

BY DAVID LASCELLES, BANKING EDITOR

Fuji Bank, Japan's third largest bank, yesterday obtained a listing for its shares on the London Stock Exchange. Fuji is the first Japanese bank to obtain such a listing, and the first Japanese company to come to the London exchange since 1983.

Kleinwort Benson, the merchant bank which arranged the listing, said it marked a reversal of the recent trend in which UK banks have sought listings in Tokyo. Mr David Benson, a director, said it reaffirmed London's leading place in the financial markets.

Fuji, in common with other major Japanese banks, has embarked on a major capital-raising phase to enable it to meet the higher capital standards now being required of banks operating internationally. Although there are no immediate plans for a rights issue, Fuji wants to get its name better known in the international markets.

Other Japanese banks are expected to follow suit.

The listing brings to nine the number of Japanese companies with shares quoted in London. Others include Sony, Toshiba, Honda and Fujitsu.

Broadcast Comm. boosted by Braham Hill

Following the takeover of Braham Hill in November last year Broadcast Communications, formerly Edenspring Investments, has undergone a radical transformation in the structure and activities of the group. Pre-tax profits for the year to June 30 are £43,864, compared with £37,348, before exceptional items. Braham Hill itself had a record year with pre-tax profits of £80,000.

The exceptional item is a debit of £30,285 (£49,816 profit) relating to profit on disposal of property less provision on remaining property in Queen Street, Glasgow.

Mr Michael Braham, chairman, said the group has rapidly become a significant force in the fields of corporate communications and business television, through its 60 per cent interest in Business Television. It is one of the largest suppliers to Channel 4 and is responsible for approximately 150 hours of programming a year.

Mr Braham said that with reorganisation costs now largely behind the company, a strong balance sheet showing £600,000 cash and a first time contribution from Business Television, he is confident that 1987-88 will show further progress.

Turnover last year was £448,485 (£323,374) and tax amounted to £20,843 (£11,700). Extraordinary items showed a debit of £51,626 (£53,638) after which there was a loss of 0.3p per 10p share (a Tthird Market quotation) against earnings of 2.9p.

Steep fall at Triton Energy

BY LUCY KELLAWAY

Triton Energy, the oil company controlled by Triton Energy, the Dallas based oil independent, yesterday announced a steep fall in net profit from £5.5m to £509,000 for the year to May.

The fall in profit was mainly due to the effects of low oil prices in the first half, when the company incurred a restated loss of £1.6m. However, during the second half of the year profits recovered with oil prices and the company made £2.1m after tax.

The company said yesterday that the improvement was expected to continue this year both as a result of the higher oil prices and due to recent discoveries onshore in France, where the company's acreage is concentrated, and in the North Sea, where Triton has a stake in Chevron's "Alba" discovery.

The results have been restated to reflect a change in accounting for foreign currencies.

Turnover for the year fell from £34.8m to £27.8m, while pre-tax profit dropped to £336,000 from £12.1m last year.

Crownx accepts B&C

After being blocked in its effort to launch a late bid for two money brokers owned by Mercantile House, Crownx has accepted British and Commonwealth Holdings' bid for the financial services company.

By Thursday afternoon, B&C had received acceptances for 94.21 per cent of issued shares and 87.1 per cent of shares issued and reserved for issue. It declared its offer wholly unconditional.

Hill Samuel reaffirms denial on bid rumours

By David Lascelles

Hill Samuel, the merchant bank which finds itself at the centre of takeover speculation, reaffirmed yesterday that it is not in negotiation with a possible bidder.

Persistent rumours in the stock market suggested that it is in discussion with J. P. Morgan, the parent of Morgan Guaranty of New York, for the possible sale of parts of its business. This was identified in some reports as Wood Mackenzie, the stockbroking subsidiary which Hill Samuel bought for last year's Big Bang.

Mr David Band, executive vice president of Morgan Guaranty in London, said his bank was not engaged in discussions with Hill Samuel. "They're just rumours," he said.

Hill Samuel's shares rose 2p to 666p.

Maxwell ups holding in Guinness Peat

By David Lascelles

Mr Robert Maxwell yesterday raised his stake in Guinness Peat, the UK financial services group, to 9.63 per cent from 6.38 per cent, with the acquisition of another 10m shares. Guinness Peat is the object of a takeover bid by Equiticorp, the New Zealand financial services company.

Mr Maxwell's advisers met Equiticorp last night. According to Samuel Montagu, Equiticorp's merchant bank, the Maxwell team inquired at what price Equiticorp would be sellers of Guinness Peat stock. Equiticorp replied that it did not intend to sell, and the meeting ended amicably.

Equiticorp, which holds 39 per cent of Guinness Peat, will today be sending out its revised offer document.

It seemed increasingly likely after last night's meeting that Equiticorp and Mr Maxwell would end up as co-shareholders in Guinness Peat.

Sale Tilney profit moves past £2m

By Philip Coggan

Sale Tilney, the mini-conglomerate, yesterday announced a 43 per cent increase in interim pre-tax profits to £2.22m (£1.55m), together with the sale of its food manufacturing division to Premier Brands.

The consideration for the Newtime Foods division, which makes preserves, pickles and mincemeat, will be £20.2m. Exactly £7m will immediately be paid in cash with a further £12.2m by January 31 after an audit and the final £1m in July next year. The division made profits of £161,000 before interest and tax in the first half.

Sale Tilney is retaining its interest in food importing and its other main activities are engineering, financial services and insurance. All the other divisions are trading well and the company expects a strong second half.

Profits were struck on turnover 11.4 per cent higher at £42.4m (£38m). After taxation of £672,000 (£570,000) earnings per share were 7p (6.7p). The interim dividend is 33 per cent higher at 4p (3p).

Breedon up 17%

BREEDON, the limestone quarryer which recently changed its name from Breedon and Cloud Hill Lime Works, increased its pre-tax profit by just over 17 per cent from £745,000 to £875,000 in the six months ended July 31.

The directors said that trading profits in the period showed an increase of 26 per cent reflecting increased demand in the construction industry at competitive prices. The start of the A42 penultimate section is imminent and the company is hopeful of orders from project during the second half.

Turnover in the first half rose from £2m to £2.56m; tax took £268,000 against £209,000 leaving earnings per 25p ordinary share of 4.9p (4.4p). The interim dividend is 2p (1.62p).

Playing a game of family fortunes

James Buchan looks at the Pritzkers, the new Berisford shareholder

THE ANNOUNCEMENT yesterday that the Pritzker family had taken a substantial stake in S & W Berisford, the commodities trader and owner of British Sugar, was no great surprise to students of the close-knit Chicago clan, which presides over one of the largest and most diverse family fortunes in the US with interests ranging from hotels to chewing tobacco.

Mr Jay Pritzker, 65, and Mr Robert Pritzker, 61, who will join Berisford's board, represent the third generation of a family which has become an American business legend in the 100 years since Nicholas Pritzker arrived in Chicago as a little boy from the Kiev ghetto.

Family history has it that the boy was treated for a cold by a newly-opened hospital, which then gave him an overcoat worth $9. His son Abraham, usually known as A.N., used to like saying it was the hospital's best investment. "I paid them back for that coat—about a million times," A.N. said in an interview just before his death at the age of 90 last year.

Jay and Bob Pritzker, and their children, now control a bewildering web of businesses that has been valued at more than $2.3bn (£1.4bn) by Forbes magazine, the acknowledged expert on American personal riches.

Nicholas Pritzker, the family patriarch, set an example for family togetherness which was continued by A.N., a lawyer who was a powerful force in Chicago even in the rough-and-tumble years before World War II. There are no public shareholders. "We don't believe in public business," A.N. once said.

The family has always been opportunistic in its investments. Jay built up the Hyatt hotel chain from a single hotel to a chain which operates 120 hotels in the US and overseas and enjoys revenues of as much as $1.7bn.

Bob runs the Marmon Group, which has sales of about $3bn from some 70-odd resuscitated manufacturing businesses from railway box-cars to Hammond organs.

In 1983, the Pritzkers bought the troubled Braniff airline, which had just emerged from bankruptcy proceedings, and two years later Conwood, which makes tobacco and snuff. Other holdings include timberlands, real estate, McCall's magazine and a law firm.

Wm Morrison in £45m preference issue

BY FIONA THOMPSON

Wm Morrison Supermarkets, operator of 37 superstores in the north of England, yesterday announced interim pre-tax profits up 20.4 per cent together with a proposal to raise £45m by the issue of 46.65m convertible preference shares.

The shares have been conditionally placed, principally with investment institutions, and shareholders may subscribe for all of them on a 1-for-2 basis. The preference shares will be convertible, on a 28 ordinary for every 100 convertible preference shares, from 1990 to 2006 inclusive.

The issue will take the shareholding of Mr Ken Morrison, chairman, and his family from 50.2 per cent to 43.8 per cent when all the shares are converted.

Mr Morrison said yesterday the company needed further funds for the continuation of its major expansion programme—capital expenditure exceeded £21m in this first half—and wanted to raise additional equity rather than gearing.

Two new supermarkets have been opened this summer. one more is due to open in October and another eight next year. two of which are replacements. By January 1989 the company should have 44 stores, with an additional four planned for later that year. The stores are all in the north of England.

For the six months to August 1, 1987, turnover rose 10 per cent to £222.39m. New stores accounted for 4 per cent of the increase, inflation 2.9 per cent and 3.1 per cent existing stores' growth. Operating profits accelerated 17.5 per cent to £11.79m, compared with £10.02m last year.

Pre-tax profits, including net interest receivable of £330,000 (£91,000), rose to £11.59m against last time's £9.63m.

The tax charge was £4.25m (£3.54m) and the earnings per share rose 20.1 per cent to 7.88p against 6.56p. An interim dividend of 0.5p has been declared, compared with 0.4p.

• comment

Wm Morrison is a retailer with Yorkshire grit, offering value for money and giving the big boys a run for their money. The first half figures, above City expectations, are impressive and gross margins are ahead. While yesterday's placing must make it a little more vulnerable to a takeover, a contested bid seems most unlikely. The company appears to be on to a winner with its fresh food "street formula"—a row of separate little shops, rather like York's Castle Museum, housing a bakery, deli, chef's larder, cheese shop—in place at about 14 stores so far with more to come. Various initiatives such as this, and its price competitiveness, have boosted volume growth and enabled Morrison to stand up to Sainsburys and Tesco. The shares closed yesterday up 10p at 316p. Assuming pre-tax profits for the year of £25m, that puts them on a prospective p/e of about 19, quite high.

Telemetrix awaits benefits

BY PHILIP COGGAN

Telemetrix, the manufacturer of computer graphics monitors, has announced another year of pre-tax losses and again passed its final dividend. But Mr Roy Cotterill, the chairman, says he is convinced that the group can return to growth, profit and dividend payment.

The company joined the stock market in 1983 and quickly saw rapid share price growth but it surprised the City by failing to meet its first year profits forecast.

Although profits doubled the following year, the shares then fell by a quarter after a gloomy chairman's statement at the subsequent annual meeting. Further share price falls followed last year's losses and the shares currently stand at 53p, compared with the 185p offered at flotation.

Mr Cotterill said that last year's figures gave no indication of the positive action that had been taken. Over the past twelve months, Telemetrix had been fundamentally restructured and had made a major change in its business philosophy.

The core business, Westwood, accounts for 80 per cent of group revenue. In the past, it had concentrated on host based terminals but the market has shifted towards networked workstations and personal computers and Telemetrix is now planning to enter the latter markets.

Borrowings fell by £1.59m over the year and gearing is now reduced to less than 40 per cent. Operating costs were cut by 12 per cent over the year.

The trading loss was £1.66m (£196,000) and after interest payable of £441,000 (£523,000) and a tax credit of £744,000 (£79,000 credit) the loss per share was 6.6p (3.1p).

Sharp advance for Platignum

A SHARP increase in pre-tax profits, from £21,000 to £296,000 was reported by Platignum, maker of pens and plastic mouldings, for the six months ended July 31, 1987.

Also, as anticipated, the company has agreed to buy the fixed assets and stock of R. J. Gray (Holdings). A new separate division will be created to conduct its previous business of importing and distributing stationery products.

Initial consideration is 1.6m new ordinary shares, with a deferred consideration satisfied by the vendors receiving new Platignum shares equal to 50 per cent of the cumulative pre-tax profits of the new division for the period October 1 1987 to July 31, 1989.

Although the vendors will have the option to receive cash wholly or in part in lieu of the shares those shares would be valued at 22p each, the effective price of the shares issued as the initial consideration. There is a £370,000 limit for the second consideration.

Mr R. Gray and Mr V. Davidson, chairman and managing director respectively, will enter into two-year service contracts with the company.

In keeping with its policy of expansion by acquisition, Platignum was in negotiation with a number of companies in both the stationery and housewares fields. The directors anticipate making further acquisitions before the year end.

They said that the performance of the group as a whole in the traditionally less profitable half had been commendable. The stationery and housewares divisions had made substantial improvements, but the engineering operations had not fully met expectations.

They felt able to restore the preference dividend and to pay the arrears. It was not their intention to declare an interim dividend, but they looked forward to being able to make a payment in respect of the full year.

Operating profits for the period rose to £415,000 (£115,000) and the pre-tax result was after interest charges of £119,000 (£94,000). Tax took £28,000 (nil) and earnings per 5p share worked through lower at 0.32p (0.42p).

Geo. Oliver back in profit

A RECOVERY in profit at the core business of George Oliver (Footwear) was obscured by the loss of Timpson Shoes, the recent acquisition. But substantially bigger returns from sales of properties turned the group round from a loss of £212,000 to a profit of £578,000 for the first half.

Sales in the half-year rose to £30.74m (£24m) but the operating loss increased to £589,000 (£114,000). However, there was a surplus on property sales of £1.6m (£238,000).

Earnings came to 3.03p (loss 4.8p) and the interim dividend is raised to 2.2p (1.98p). For the year 1986 the pre-tax profit was £1.46m including £382,000 property sales.

Railway side hits Antofagasta

A NEAR £1m drop in Antofagasta Holdings' railway operation profit was offset to some extent elsewhere, but overall pre-tax profit fell by £534,000 to £3.65m in the first half of 1987.

The directors explained that railway results were slightly down on expectations. However, an improvement has come in the third quarter, indicating better figures for the second half. In the associate companies the recently increased copper price should favourably affect the full year result.

The interim dividend is being raised from 1.25p to 2p per share, to reduce disparity with the final—5.625p last year. Pre-tax profit for 1986 was £9m.

Turnover in the first half was £1m lower at £4.91m. Net railway profit was £1.81m (£2.79m)

Of the associates Madeco, involved in production of copper and wire tube, contributed £1.22m (£1.42m), VTR, the telecommunications company, £248,000 (£81,000), and mineral and natural resources £59,000 (£52,000).

After tax £206,000 (£355,000), earnings worked through at 11.3p (14.7p).

Edmond expands

Edmond Holdings, housebuilder and manager of investment property, consolidated its improvement with a first half rise in taxable profits from £156,210 to £314,334. Turnover jumped from £5.87m to £8.64m.

The directors declared an interim payment of 0.18p compared with 0.15p last time. After tax of £110,000 (nil), earnings per share rose from 0.39p to 0.42p.

They said that the group had performed well during the period. Forward sales of dwellings were at an encouraging level and satisfactory land stocks were being maintained.

Last time's extraordinary debit of £33,000 was not repeated and attributable profits rose from £123,210 to £204,310.

London Ents. stake

British Empire Securities and General Trust has increased its stake in London Entertainments, the listed investment company managed by Banque Paribas, to close to 9.9 per cent.

It bought a 4.8 per cent holding from Max Morel (Nominees).

Trinity surges to over £5m

All three divisions of Trinity International Holdings traded satisfactorily and produced improved results in the first half of 1987. Group turnover rose 7 per cent to £44.34m while pre-tax profit surged 29 per cent to £5.5m (£4.28m).

Looking towards the year end, the directors said they expected progress to continue, albeit at a slower rate than the first half. Group activities cover paper and packaging manufacturing, and newspaper publishing.

Earnings for the first half were 30.2p (24.1p) and the interim dividend is raised 2p to 7p per share.

The two papermills in Bolton enjoyed record output. Extra capacity laid down at the Stoke factory two years ago boosted profits, but results at the other corrugated plant at Sandy disappointed.

In the Liverpool newspapers the introduction of production technology some 17 months ago proved it worth. In the best marketing climate for some years the daily newspapers held circulation firm and results begun to show a "heartening improvement."

UNITECH: At the AGM, the chairman said that based on the results achieved to date, the company would expect to report a further improvement in taxable profits for the current year.

TR Pacific Basin sees off Thornton approach

By Nikki Tait

TR Pacific Basin Investment Trust, a £242m fund and part of the 11-strong Touche Remnant stable, has seen off the unwanted bid approach from Thornton Pacific Investment Fund, a much smaller Luxembourg-based investment vehicle headed by Mr Richard Thornton.

Yesterday Thornton conceded that its own offer was unlikely to succeed in the light of TR's own rival proposals for the future of the fund. Essentially, the Thornton scheme envisaged shareholders being able to realise or value their holdings at 97.2 per cent of net asset value; the TR proposals managed to raise that to 99 per cent, and added an option for shareholders to remain in a new UK investment trust.

By the first closing date, Thornton had received acceptances on behalf of just 0.6 per cent of TR Pacific Basin's issued share capital and it has now lapsed its offer. One of the reasons why the Thornton team was unable to match the later TR proposals was that it would be obliged to pay TR two years' worth of management expenses even if it took over the running of the fund—an additional cost TR obviously does not incur. Without this, it could have raised its terms to 98.1 per cent, but would still have fallen short of the TR scheme.

Yesterday, Lord Remnant, chairman of TR Pacific Basin, said that he was delighted with the outcome—"all the staff will be having champagne at five o'clock." Richard Thornton, meanwhile, argued that his fund had acted "in a statesmanlike manner" by withdrawing and that shareholders could at least be grateful that the approach had generated the TR proposals. The company expects to make a profit on its small holding of TR Pacific Basin shares

The TR proposals will be put to shareholders at an EGM, and further details will be sent out in mid-October. Yesterday, TR Pacific Basin shares shed 2p to 297p.

Macallan-Glenlivet

Macallan-Glenlivet, distillers of malt whisky, increased pre-tax profits by £57,000 to £687,000 in the first half of 1987, principally due to a marked advance in sales of the Macallan single malt whisky. Group turnover totalled £3.51m, against £3.19m.

However, much greater investment in marketing, maturing stocks and the development of new products as well as continuing pressure on margins of new fillings for blending customers, was likely to restrain any significant improvement in full year results.

The interim dividend is 1.1p (1p)—last year's final was 2.84p on £1.14m profits.

ICELAND FROZEN FOODS Holdings has purchased Fulham Frozen Foods for £1.47m, to be satisfied as to the issue of 388,887 Iceland ordinary of which 294,520 have been placed on behalf of the vendors.

LONDON RECENT ISSUES

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price £	+ or −
100	F.P.	—	103p	97p	Chesterfield Props 5½pc Cv. Cm. Pfd.	103p	—
¶¶	F.P.	—	145p	139p	Merlin Intl. Cum. Red. Cnv. Pref.	140p	+2
—	F.P.	—	100	99	N'wide Anglia 10% Bds 1/8/88	99⅛	—
—	F.P.	—	100¼	99⅞	Do. 10⅛ % Bds. 22/8/88	99⅞	—
—	F.P.	—	100	99⅞	Do. 10⅜ pc. 12.9.88	100	+⅛
—	£25	11/11	25½	12½	North Housing Assoc. 8⅝% Cnd.ln.2027	15½	+½
—	F.P.	—	270p	200p	Do. Zero Corp. Ln. 2027	245p	+20

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price	+ or −	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
§110	F.P.	28/9	121	98	Adscene	111	—	12.5	1.9	3.1	23.4
221	F.P.	—	253	221	Alexander (W)	253	—	4.25	2.9	2.3	20.7
¶¶	F.P.	—	84	65	BHP Gold Mines A$0.25	78	—	—	—	—	—
88	F.P.	—	108	85	*ClearEx. Intl.	100	+2	—	—	—	—
§50	F.P.	9/9	93	58	‡Corp. Estates Props. 5p	85	—	10.75	2.4	1.2	46.4
10	F.P.	11/12	12½	10	EFM Dragon Trust 5p	12	—	—	—	—	—
100	F.P.	25/9	114	103	F'st Spanish Inv.Tst.Units	111	+2	—	—	—	—
§§	F.P.	—	118	92	‡Guidehouse Grp. 1p	110	—	—	—	—	42.3
§§	F.P.	—	100	70	Do. Warrants	85	—	—	—	—	—
121	F.P.	—	154	78	Kalon	144	—	—	—	—	—
§100	F.P.	—	145	108	Kingston Oil & Gas 50p	120	—	—	—	—	—
100†	F.P.	—	155	115	*Madrace 10p	155	+2	—	—	—	—
—	F.P.	—	98	55	Moorgate Inv. Warr.	85	—	—	—	—	—
§110	F.P.	4/8	281	185	‡Parkway 5p	253	—	R1.5	4.2	0.8	39.9
§10.58	F.P.	—	$18	$15	Portugal Fund $0.01	$16½	—	—	—	—	—
¶¶	F.P.	—	128	105	*Seacon Holdings	123	−2	—	—	—	18.7
—	F.P.	—	118	101	Steger & Fr'dlander 10p	108	—	—	—	—	—
§§	F.P.	—	166	143	Zetters Leisure 10p	160	—	L1.5	3.7	1.3	29.0

"RIGHTS" OFFERS

Issue Price	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −
280	Nil	23/10	61pm	20pm	AAF	61pm	—
8	Nil	30/10	14pm	9½pm	BPM Holdings	9½pm	−1½
166	Nil	14/10	3pm	1pm	Blue Arrow 5p	1pm	+½
470	Nil	—	45pm	32pm	[illegible]	45pm	+10
475	Nil	—	70pm	47pm	Brit. Vita	70pm	+10
650	Nil	28/9	103pm	88pm	[illegible]	103pm	+5
610	Nil	9/10	42pm	7½pm	Capital & Counties Unit	10½pm	—
37	Nil	19/10	24pm	18pm	Cannon Bros. 1p	22pm	—
50	Nil	7/10	162pm	138pm	Conrad Hldgs	154pm	—
257	Nil	30/9	57pm	35pm	‡Denny Warren 10p	57pm	+2
32	Nil	23/10	98pm	79pm	[illegible] 10p	79pm	—
90	Nil	21/10	34pm	19pm	Excalibur Jewellery	25pm	+3
192	Nil	23/9	2pm	¼pm	EKJ Electrical 10p	1pm	—
335	Nil	—	91pm	47pm	Greenwich Res	91pm	—
390	Nil	16/9	28pm	8pm	‡Goodhead Print 20p	8pm	—
48	Nil	26/10	32pm	19pm	[illegible] of London 10p	32pm	+6
57	Nil	16/9	15pm	5pm	Kellock Trust 1p	15pm	—
50	Nil	26/10	80pm	60pm	[illegible] (J.)	61pm	—
83	Nil	28/10	24½pm	19½pm	Queens Moat	23pm	—
184	Nil	16/10	25pm	16pm	[illegible] Research	25pm	+1½
105	Nil	26/10	8pm	½pm	Steger & Friedlander 10p	3pm	—
35	Nil	6/10	7½pm	2½pm	Telfos 5p	6½pm	—
65	Nil	30/10	51pm	38pm	Upton (E.)	46pm	—

Renunciation date usually last day for dealing free of stamp duty. a Amalgamated dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Dividend and yield based on prospectus or other official estimates for 1986/7. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. q Earnings based on preliminary figures. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. t Indicated dividend; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ¶¶ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment price. # Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement. ‡ Placing and offer for sale price. * Third Market. † Issued in £2 Units comprising 2 Ord Shares & 1 Warrant. (Exercisable at 50p into 1 Ord.)

AB Electronic cash call for acquisitions

BY STEVEN BUTLER

AB Electronic Products Group yesterday announced a 25 per cent rise in pre-tax profits to £8m in the year to the end of June, two acquisitions for up to £26.9m, and a net £13.7m one-for-five rights issue at 350p per share.

AB shares jumped 10 per cent to 455p following the announcement. Analysts attributed the rise to better-than-expected profits, the stronger cash position of the company, and a good reception to the acquisitions.

AB is acquiring Plessey Connectors from The Plessey Company for £13.9m, including £7m cash to Plessey and assumption of £6.9m of Plessey Connectors' debt. Plessey Connector had a turnover of £15.8m in the year to April 3, and profits before corporate charges and rationalisation costs were £1.6m.

Also announced was the acquisition of Swansea, a private manufacturer of electrical wiring harnesses, for £1.1m in cash, 515,000 ordinary shares, and £9.9m of interest-free loan notes, redeemable after October 1990 depending on Swansea's profits.

The maximum redeemable value of the notes will be paid only if Swansea's average annual pre-tax profits over the three years to June 1990 exceeds £3.25m, while the value falls to £1 if average annual profits fall below £1.5m. Swansea had 1986 pre-tax profits of £809,000 on a turnover of £8.5m.

AB's turnover for the financial year rose £41.8m to £171.6m. Earnings per share, fully diluted, rose 26 per cent to 24.5p, and the full year dividend came to 12.5p.

Gearing for the group fell from about 50 per cent at the interim stage to 32 per cent, despite capital expenditures of about £12m. Analysts said AB's share price had been held down by expectations of a rights issue to reduce borrowing, but the rights issue announced appeared entirely related to the acquisitions.

• comment

Even with yesterday's 10 per cent rise in share price, AB Electronic looks far from expensive, and the 350p-per-share rights issue too cheap to pass up. The losses associated with the start-up of electronics for the Jaguar appear over, and quality of earnings much improved with reduced dependence on sub-assembly work. The financing of Swansea implies that AB expects a good jump in profits, but will not have to pay for it for three years. A prospective p/e of 13, on pre-tax profits forecasts of £13m, put it at a discount to the sector.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div	Total for year	Total last year
Antofagasta	int	2	Nov 4	1.25	—	6.88
AB Electronic		10.5	—	8	12.5	10
Breedon	int	2	Oct 30	*1.62	—	*5.62
Dinkie Heel	int	0.2	—	0.2	—	0.4
Edmond Holdings	int	0.18	Nov 5	0.15	—	0.5
Macallan-Glenlivet	int	1.1	—	1	—	3.84
Morrison Supermkt	int	0.5	—	0.4	—	1.6
Northern Industrial		12.94	—	12.78	17.94	17.78
George Oliver	int	2.2	—	1.98	—	10
Sale Tilney		4	—	3	—	8
Telemetrix		nil	—	nil	—	0.6
Trinity Intl	int	7	Oct 30	5	—	21

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Third market.

APPOINTMENTS

Abbey National senior banking post

Mr David Evans has been appointed assistant general manager, banking operations, at *ABBEY NATIONAL BUILDING SOCIETY*. He was banking controller. He is also a director of *Link Interchange Network*, the shared ATM system of which Abbey National was a founder member, and a director of BACS, the central body which controls all automated bank clearing systems in the UK.

*

Further appointments made by Sir Terence Conran in restructuring the management team at STOREHOUSE include **Mr Pat Diamond**, director of finance and administration, who becomes deputy chief executive. **Mr John Hobson** is appointed BhS buying director. **Mr Norman McArthur**, buying director for clothing, will be retiring in October. **Mr John Stephenson** becomes design and marketing director in addition to his other responsibilities. **Mr Gordon Munro** has been appointed deputy chief executive of Habitat. **Mr Derek Laveleck**, merchandise director, is promoted chief executive of Richards.

*

LLOYDS BANK STOCKBROKERS has appointed **Mr Robert A.D.Frey** as deputy managing director. He was chief executive of *Montagu Loebl Stanley*. Lloyds Bank Stockbrokers is a wholly-owned subsidiary of Lloyds Merchant Bank Holdings.

*

HACKER YOUNG MANAGEMENT CONSULTANTS has appointed **Mr Ladislav Hornan** and **Mr Peter Lascombe** as partners.

*

HILL SAMUEL PERSONAL FINANCE, a company in the Hill Samuel Investment Services Group, has appointed **Mr David Guthrie** as marketing manager. He joins from Nottingham Building Society where he was London regional manager.

*

We have been asked to point out that the appointments at MIDLAND BANK reported on September 16 relate to the bank's UK banking sector.

*

Mr Peter Cameron has been appointed European sales manger of SPIDER SYSTEMS. He was European sales and marketing director with T-bar.

*

The wool textile industry has appointed **Mr Bob Clarke** as director of training. He was a training officer in the RAF.

*

SCOTTISH PROVIDENT has promoted **Miss Jean Arnett** to regional manager (north) responsible for the area from the Scots border to Nottingham. She is the company's first female regional manager. She was branch manager at Southampton.

*

STANCO EXHIBITION GROUP has appointed **Mr Howard F.L.Potter** as group finance director.

*

NOBO GROUP has appointed **Mr Roger Colvin** as financial director. *He has been a non-executive director since 1986*, and ceases to be a partner of Plummer Parsons from September 30.

*

INSTRUMENT RENTALS (UK) has appointed **Mr Roy Findlay** as managing director. He was director and general manager.

*

CIBC MORTGAGES has appointed **Mr Bruce Gaitskell** as manager of securitisation and treasury operations.

ECONOMIC DIARY

TOMORROW: Mr Kenneth Baker, Education Secretary, starts six-day trip to US. EC Energy Ministers start two-day informal meeting in Denmark.

MONDAY: CBI publishes monthly trends equiry for September. Second quarter provisional figures for gross doemstic product. EC Industry Ministers meet in Brussels to discuss the next stages of the crisis plan for steel. Overtime ban by National Union of Mineworkers due to start. Prime Minister Mrs Margaret Thatcher *holds seminar with TV chiefs*, 10 Downing Street. Association of District Councils launch Blueprint for Urban Areas. Mr Michael Howard, Local Government Minister, makes statement on rates reform. BP extraordinary meeting on share issue. Police Superintendents Association annual conference opens, Torquay (until September 24). International Atomic Energy Agency 30th anniversary conference opens, Vienna.

TUESDAY: Cyclical indicators for the UK economy for August. Second quarter revised figures for manufacturers' abd sitributors' stocks. EC Agriculture Ministers meet in Brussels to discuss the future of the Common Agricultural Policy and how to keep costs down. Office of Population Censuses and Surveys *publishes* quarterly volume Population Trends 49. Countryside Commission annual report published. The Local Government Minister addresses Association of Metropolitan Authorities annual conference, Oldham.

WEDNESDAY: Department of the Environment publishes July provisional figures for new construction orders; and figures for the homeless for the second *quarter*. EC Economic & Social Committee two-day plenary session opens in Brussels. Scottish National Party annual conference opens, Dundee (until September 26). Labour Party national executive meets. Law Society conference on the future of legal aid, Liverpool. Travelmeter air travel survey published. Association for Prevention of Theft in Shops antishoplifting campaign launched. Lord Young, Employment Secretary, speaks at schools minienterprise launch. Sir David Wilson, Governor of Hong Kong, starts three-day visit to Peking.

THURSDAY: Energy trends for July. Mr Paul Channon, Transport Secretary, speaks at Rails Into Europe conference on Channel Tunnel, Mayfair Hotel London. Balance of payments figures. International Monetary Fund-World Bank annual meeting opens in Washington (until October 1). Mrs Thatcher, Chancellor Kohl, and other European Conservatives at international Democratic Union meeting in Berlin (until September 26)

FRIDAY: Lord Lane, Lord Chief Justice, opens annual Bar conference, Middle Temple Hall, London (until September 26).

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri Sep 18 1987 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Thu Sep 17 Index No.	Wed Sep 16 Index No.	Tue Sep 15 Index No.	Year ago (approx) Index No.	1987 High		1987 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (211)	980.25	+1.2	7.15	2.85	17.54	16.46	968.78	960.43	952.01	674.18	1030.07	16/7	696.73	2/1	1030.07	16/7/87	50.71	13/12/74
2	Building Materials (30)	1209.65	+1.9	7.53	2.90	16.51	19.29	1187.57	1172.93	1175.02	789.07	1381.08	16/7	860.39	5/1	1381.08	16/7/87	44.27	11/12/74
3	Contracting, Construction (33)	1838.16	+1.5	6.69	2.69	19.99	23.82	1811.01	1789.83	1774.84	1189.22	1951.50	16/7	1185.88	2/1	1951.50	16/7/87	71.48	2/12/74
4	Electricals (12)	2542.59	+2.0	5.04	2.65	25.36	45.17	2493.31	2481.44	2483.98	1785.43	2733.45	20/7	1772.22	2/1	2733.45	20/7/87	84.71	25/6/62
5	Electronics (35)	2058.13	+0.7	7.82	2.42	16.68	33.84	2043.11	2023.74	2012.28	1452.12	2236.70	17/7	1543.77	2/1	2236.70	17/7/87	1229.01	8/10/85
6	Mechanical Engineering (59)	523.73	+1.0	7.61	3.25	16.53	9.96	518.52	514.75	516.01	372.43	542.20	29/7	393.85	2/1	542.20	29/7/87	45.43	5/1/75
8	Metals and Metal Forming (7)	576.55	+0.5	6.96	2.83	17.45	8.88	573.55	570.81	571.33	347.24	591.16	30/7	355.97	2/1	591.16	30/7/87	49.65	6/1/75
9	Motors (14)	402.77	+1.5	7.25	2.76	16.14	5.47	396.69	392.82	390.38	274.01	406.20	16/7	272.03	2/1	406.20	16/7/87	19.92	6/1/75
10	Other Industrial Materials (21)	1704.25	+0.9	6.14	3.08	19.35	34.34	1689.88	1684.16	1673.93	1237.84	1712.49	16/7	1179.19	2/1	1712.49	16/7/87	277.55	15/1/81
21	CONSUMER GROUP (183)	1351.00	+1.0	6.06	2.56	21.01	16.92	1337.32	1323.51	1310.54	925.75	1406.32	16/7	950.87	2/1	1406.32	16/7/87	61.41	13/12/74
22	Brewers and Distillers (22)	1224.31	+1.3	8.27	3.01	15.27	15.80	1208.58	1200.79	1185.59	911.17	1269.35	16/7	898.04	2/1	1269.35	16/7/87	69.47	13/12/74
25	Food Manufacturing (24)	1020.31	+0.1	7.23	3.05	17.87	16.23	1019.42	1015.10	1010.37	687.82	1092.25	16/7	738.32	2/1	1092.25	16/7/87	59.67	11/12/74
26	Food Retailing (16)	2480.41	+1.0	5.77	2.35	23.08	36.70	2455.57	2429.60	2410.43	1937.81	2649.96	16/7	1881.08	2/1	2649.96	16/7/87	54.25	11/12/74
27	Health and Household Products (10)	2618.19	+1.1	3.96	1.54	29.24	16.41	2589.51	2544.99	2534.04	1539.80	2699.85	16/7	1645.70	2/1	2699.85	16/7/87	175.38	28/5/80
29	Leisure (31)	1411.91	+0.6	5.81	3.13	21.48	24.82	1403.61	1389.77	1389.72	902.43	1480.59	16/7	986.35	2/1	1480.59	16/7/87	54.83	9/1/75
31	Packaging & Paper (15)	673.21	+0.3	6.27	2.70	21.00	10.02	671.15	669.79	664.87	459.80	739.48	16/7	491.50	2/1	739.48	16/7/87	43.46	6/1/75
32	Publishing & Printing (13)	4715.29	+1.2	4.41	3.02	29.06	59.63	4657.73	4635.11	4608.24	2592.76	4744.96	4/9	2713.49	2/1	4744.96	4/9/87	55.08	6/1/75
34	Stores (36)	1112.09	+1.6	6.35	2.60	21.33	13.78	1094.27	1082.67	1060.28	871.30	1160.58	29/7	835.17	2/1	1160.58	29/7/87	52.63	6/1/75
35	Textiles (16)	872.76	+1.1	7.23	2.63	16.02	12.07	863.66	842.91	823.22	538.01	876.07	15/7	541.39	2/1	876.07	15/7/87	62.66	11/12/74
40	OTHER GROUPS (89)	1145.06	+1.0	7.59	3.09	16.43	19.86	1133.84	1128.30	1123.41	758.23	1192.30	16/7	815.89	5/1	1192.30	16/7/87	58.63	6/1/75
41	Agencies (18)	1715.85	−0.2	3.52	1.31	37.46	15.18	1719.72	1701.76	1701.36	0.0	1795.57	17/7	1111.16	2/1	1795.57	17/7/87	1111.16	2/1/87
42	Chemicals (21)	1482.09	+1.2	6.61	3.09	18.51	31.59	1464.52	1460.70	1455.83	983.60	1482.09	18/9	1002.01	2/1	1482.09	18/9/87	71.20	1/12/74
43	Conglomerates (12)	1446.35	−0.2	7.17	3.25	15.96	21.92	1449.63	1445.79	1448.96	0.0	1546.12	16/7	1112.14	2/1	1546.12	16/7/87	1112.14	2/1/87
45	Shipping and Transport (12)	2372.72	+2.7	7.13	3.46	18.43	41.05	2310.77	2262.61	2253.61	1475.40	2497.85	16/7	1567.77	2/1	2497.85	16/7/87	90.80	29/6/62
47	Telephone Networks (2)	1061.25	+0.8	9.56	3.81	13.96	18.98	1052.84	1051.88	1036.68	739.58	1274.14	9/6	837.15	5/1	1274.14	9/6/87	517.92	30/11/84
48	Miscellaneous (24)	1724.92	+1.9	6.79	2.71	13.58	32.20	1691.94	1685.66	1685.05	1053.38	1724.92	18/9	1102.37	5/1	1724.92	18/9/87	60.39	6/7/75
49	INDUSTRIAL GROUP (485)	1213.40	+1.1	6.76	2.78	18.64	18.10	1200.73	1190.65	1182.99	825.99	1268.86	16/7	860.46	2/1	1268.86	16/7/87	59.01	13/12/74
51	Oil & Gas (17)	2252.79	+0.5	7.36	4.38	16.79	64.58	2242.31	2204.62	2189.74	1335.73	2458.68	16/7	1585.69	5/1	2458.68	16/7/87	87.23	29/5/62
59	500 SHARE INDEX (500)	1302.67	+1.0	6.85	3.00	18.35	22.11	1289.18	1276.77	1268.50	869.43	1369.88	16/7	915.61	2/1	1369.88	16/7/87	63.49	13/12/74
61	FINANCIAL GROUP (118)	857.40	+1.3	–	3.59	–	17.49	846.71	837.33	834.36	592.32	882.11	16/7	635.75	2/1	882.11	16/7/87	55.88	13/12/74
62	Banks (8)	837.80	+1.1	15.95	4.65	8.29	25.65	828.08	823.34	822.83	655.73	898.38	16/7	685.07	14/4	898.38	16/7/87	62.44	12/12/74
65	Insurance (Life) (9)	1188.01	+2.0	–	3.72	–	22.60	1164.81	1134.82	1131.58	835.98	1194.71	7/7	869.23	2/1	1194.71	7/7/87	44.88	2/1/75
66	Insurance (Composite) (7)	678.53	+1.3	–	4.06	–	13.50	669.68	651.78	646.38	464.08	678.53	18/9	456.52	2/1	678.53	18/9/87	43.96	13/12/74
67	Insurance (Brokers) (8)	1218.79	−0.3	9.13	4.69	14.02	32.85	1222.13	1213.32	1194.34	1162.29	1399.56	17/7	1089.71	14/4	1399.56	17/7/87	65.86	16/12/74
68	Merchant Banks (11)	495.35	+0.4	–	2.76	–	7.77	493.60	493.67	494.18	334.47	513.48	17/8	345.85	2/1	513.48	17/8/87	31.21	7/1/75
69	Property (47)	1335.66	+1.4	3.63	2.23	35.60	14.24	1316.67	1313.06	1307.13	747.56	1374.86	16/7	805.82	5/1	1374.86	16/7/87	56.01	20/4/65
70	Other Financial (28)	578.46	+1.5	5.76	2.65	21.99	8.27	569.69	564.03	562.91	341.96	603.48	16/7	365.01	2/1	603.48	16/7/87	33.29	17/12/74
71	Investment Trusts (91)	1176.06	+0.7	–	2.08	–	14.12	1168.36	1155.25	1142.63	769.16	1176.06	18/9	867.57	2/1	1176.06	18/9/87	71.12	13/12/74
81	Mining Finance (2)	699.53	−0.5	6.53	2.50	17.39	6.79	703.22	696.52	698.53	294.51	727.93	3/8	341.86	2/1	727.93	3/8/87	66.31	30/9/74
91	Overseas Traders (10)	1260.53	+1.6	7.19	3.74	16.51	29.58	1240.64	1228.38	1223.48	663.17	1260.53	18/9	778.26	2/1	1260.53	18/9/87	97.37	6/1/75
99	ALL-SHARE INDEX (721)	1188.42	+1.0	–	3.05	–	20.50	1176.85	1165.19	1158.17	790.73	1238.57	16/7	835.48	2/1	1238.57	16/7/87	61.92	13/12/74
		Index No.	Day's Change	Day's High	Day's Low	Sep 17	Sep 16	Sep 15	Sep 14	Sep 11	Year ago								
	FT-SE 100 SHARE INDEX ‡	2328.3	+23.8	2333.8	2313.9	2304.5	2279.8	2264.5	2271.8	2261.2	1600.4	2443.4	16/7	1674.5	2/1	2443.4	16/7/87	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Sept 18	Day's change %	Thu Sept 17	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	120.93	+0.45	121.21	0.82	8.55
2	5-15 years	136.65	+1.19	135.05	–	9.88
3	Over 15 years	144.27	+1.38	142.63	0.34	10.29
4	Irredeemables	158.62	+1.29	156.60	–	8.81
5	All stocks	133.68	+0.99	132.70	0.34	9.57
	Index-Linked					
6	5 years	120.33	+0.15	120.15	–	2.18
7	Over 5 years	113.39	+0.23	113.13	–	2.60
8	All stocks	113.79	+0.22	113.54	–	2.55
9	Debentures & Loans	114.02		114.01	–	7.25
10	Preference	83.73	−0.26	83.95	–	4.35

	AVERAGE GROSS REDEMPTION YIELDS		Fri Sep 18	Thu Sep 17	Year ago (approx.)	1987 High		1987 Low	
	British Government								
1	Low	5 years	9.38	9.52	9.17	9.78	2/1	7.52	11/5
2	Coupons	15 years	9.63	9.77	10.03	10.08	2/1	8.53	8/5
3		25 years	9.49	9.63	10.06	10.08	2/1	8.55	8/5
4	Medium	5 years	10.02	10.23	10.72	10.80	2/1	8.39	8/5
5	Coupons	15 years	9.86	10.04	10.42	10.39	2/1	8.74	8/5
6		25 years	9.71	9.83	10.13	10.18	2/1	8.75	8/5
7	High	5 years	10.10	10.32	10.82	10.84	2/1	8.58	8/5
8	Coupons	15 years	10.05	10.22	10.60	10.57	2/1	8.86	8/5
9		25 years	9.73	9.87	10.20	10.24	2/1	8.72	8/5
10	Irredeemables †		9.70	9.86	9.94	10.06	2/1	8.67	8/5
	Index-Linked								
11	Inflation rate 5%	5yrs.	3.32	3.35	4.28	3.95	2/1	2.03	20/5
12	Inflation rate 5%	Over 5 yrs.	3.98	3.99	3.57	4.18	28/8	3.30	6/4
13	Inflation rate 10%	5 yrs.	3.30	3.32	2.88	3.41	9/9	0.85	24/3
14	Inflation rate 10%	Over 5 yrs.	3.98	3.99	3.40	4.07	9/9	3.17	27/3
15	Debs &	5 years	11.44	11.44	11.17	11.57	25/8	9.46	12/6
16	Loans	15 years	11.43	11.43	11.16	11.52	28/8	9.79	23/3
17		25 years	11.43	11.43	11.16	11.48	26/8	9.84	23/3
18	Preference †		10.89	10.86	10.92	11.83	2/1	10.05	22/6

‡Opening index 2314.3; 10 am 2315.3; 11 am 2317.4; Noon 2322.9; 1 pm 2326.5; 2 pm 2326.5; 3 pm 2332.0; 3.30 pm 2327.0; 4 pm 2327.7

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

INTL. COMPANIES and FINANCE

Michelin expands 38% in first half

BY PAUL BETTS IN PARIS

MICHELIN, the French tyre group, has shown a 38 per cent increase in first-half net profits to FFr 1.27bn ($209.9m) from FFr 919m in the first half of last year. The group is now expected to report profits of FFr 2.5bn or more for the whole of this year compared with net profits of FFr 1.9bn in 1986.

The company, the world's second largest tyre producer after Goodyear of the US, also said that its Swiss holding company Compagnie Financière Michelin (CFM) saw first half profits increase by nearly 53 per cent to SFr 220m ($146.7m) from SFr 144m the year before.

CFM groups Michelin's worldwide operations outside France and accounts for about 70 per cent of group turnover. Michelin recently opened 10 per cent of the capital of its Swiss holding company to outside shareholders.

Michelin group sales for the first half declined by 2.9 per cent to FFr 22.8bn from FFr 23.5bn last time. In volume terms, however, sales rose by 2.7 per cent.

The sales decline in franc terms largely reflected the impact of the declining dollar. In dollar terms, sales rose by more than 11 per cent to $3.73bn in the first half from $3.35bn in the comparable period.

Michelin has made a major drive into the US market and the French group has seen its market share rise by more than one percentage point in the US market during the last year. Michelin is understood to have nearly 10 per cent of the US tyre market.

After heavy losses and major restructuring in recent years, French operations were also near breakeven in the first half of this year.

First-half group cash flow rose by 15 per cent to FFr 2.75bn from FFr 2.39bn. The cash flow of the Swiss holding company increased by 10.3 per cent to SFr 480m from SFr 435m.

Sales of the Swiss holding company in the first half declined by 4.6 per cent to SFr 4.32bn from SFr 4.52bn, but rose by nearly 6 per cent in volume terms. Expressed in US dollars, the sales of the Swiss company would have shown a 12.8 per cent increase.

Shell re-enters Italian market

BY JOHN WYLES IN ROME

THE ROYAL DUTCH SHELL group is returning as a significant presence in the Italian petroleum products market through a new joint venture agreement with Selm, Montedison's energy subsidiary.

Shell-Italy and Selm have agreed to set up "Monteshell," which will initially take control of the 2,548 petrol station outlets which Selm recently acquired from the Total group of France. Shell's 120 outlets, acquired some time ago from Conoco, and Selm's 400 stations will also be put into the new company at a time yet to be determined.

According to a joint statement issued yesterday, Monte-Shell will eventually hold around 10 per cent of the Italian retail market for petroleum products. This would put it on a par with Esso's market share, though still behind Agip's 25.6 per cent, and IP's 11.6 per cent. Shell was once an important presence in Italy, but largely withdrew in the 1970's.

It is understood that Shell Italy will initially pay L120bn ($91m) — half of the cost of Selm's purchase from Total — for its stake in the new company. Some of its product is expected to be refined at a plant near Trieste in which Selm acquired Total's 20 per cent stake.

Burdened by some of the highest prices in Europe, Italian petrol sales have shown very modest growth in recent years, rising from 11.15m tonnes in 1973 to 11.79m tonnes last year. Diesel oil consumption, however, has leaped from 4.94m tonnes to 14.94m

Matra seeks friendly holders

BY GEORGE GRAHAM IN PARIS

THE FRENCH Government has called for applications for a "hard core" of friendly investors for Matra, the electronics and armaments company, which is to be privatised next month.

A hard core controlling up to 22 per cent of the current capital of Matra will be formed, which can be increased to 25 per cent in the framework of an eventual capital increase at the same time as the privatisation.

The government controls 50.9 per cent of the electronics group, which is chaired by Mr Jean-Luc Lagardere. It will keep a special share allowing it to prevent anyone from taking more than a 10 per cent stake after the privatisation, because of Matra's importance in the French defence industry.

Hard core investors can apply for between 1 and 6 per cent of Matra capital but must agree to pay a premium of 10 per cent to the offer price, which they will not know until just before the public offer, at the end of October.

With some earlier privatisations, the premium demanded from the hard core investors—the government prefers to call them "stable shareholders"—has been much less, though where control of the company was at issue the premium has sometimes been as high as 50 per cent.

Potential bidders are thought to include Mr Lagardere, the German motor group Daimler Benz, and General Electric Company of the UK.

Matra shares were trading at about FFr 2,100 yesterday, down 27 per cent from their peak earlier this year, but a 12-for-one share split is expected before the sale of the state's stake.

Mr Edouard Balladur, the finance minister, has come under increasing attack recently both from the opposition socialist party and from Barrist members of the right wing majority for placing his political allies in control of the hard cores of many of the privatisations so far.

Higher premiums lift Skandia

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

SKANDIA, THE leading Swedish insurance group, boosted the operating profits of its non-life insurance activities fivefold in the first eight months of the year to SKr 205m ($32.1m) compared with SKr 40m in the corresponding period a year earlier.

Total premium income for casualty insurance rose by 11 per cent to SKr 3.252bn.

Mr Bjorn Wolrath, chief executive, said the improvement had resulted both from higher premiums and measures taken to dampen the rise in casualty costs.

Administration costs have also been held in check as a result of a recent reorganisation, including the loss of around 450 jobs in the group. Skandia is seeking to cut its operating costs by SKr 200m during 1987. The full impact of the rationalisation measures will not be felt for some time, Mr Wolrath said.

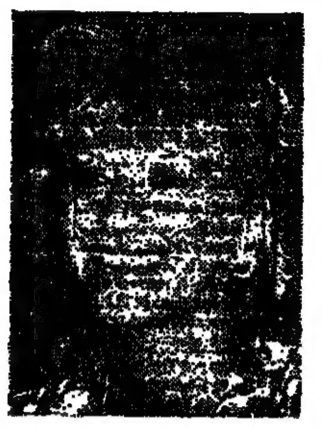
Skandia had been losing market shares on several indidivual insurance lines as well as among small business customers.

The company said it had improved the results of its motor insurance activities thanks to higher car insurance premiums and reduced accident claims for company cars.

Premium income for home insurance had fallen in response to premium increases and a subsequent loss of market shares, but the profitability of these operations had also improved.

Skandia said that the group's surplus (shareholders' equity, untaxed reserves and surplus value of assets) had jumped by SKr 1.9bn to SKr 12.2bn during the first eight months of the year as a result of higher profits and the boom in share and property prices.

The group's net income showed a sharp drop to SKr 284m from SKr 518m



Bellisario appointed Telit chief

By Our Rome Correspondent

MRS MARISA Bellisario, the 47-year-old managing director of Italtel, the Italian publicly-owned telecommunications manufacturer, has been appointed to the same position at Telit, the new joint venture to be formed through a merger of Italtel with Telettra, Fiat's subsidiary.

Confirmation of the appointment brings to an end several months of speculation and behind the scenes political manoeuvring over the management of Italy's new telecommunications flagship.

Her nomination should be shortly followed by an announcement of Telit's president, who is expected to be drawn from the Fiat camp. The Turin giant will own 48 per cent of the new company, IRI and its Stet subsidiary will own another 48 per cent with the balancing 4 per cent going into the nominally public hands of Mediobanca, the Milan merchant bank controlled by three state-owned banks.

Since taking over as managing director of Italtel in 1981, Mrs Bellisario has managed a considerable restruturing of the company.

Telit's creation is a sign of Italy's determination to strengthen its position in the restructuring of the European telecommunications industry

Pillsbury foods business helps earnings rise

By Our Financial Staff

PILLSBURY, the US foods and restaurants group, boosted first-quarter earnings by 19 per cent to $56.8m or 66 cents a share from $47.9m or 55 cents, helped by continued strong performance in its foods business, a stabilising in its restaurants and a lower tax rate.

Sales increased to $1.46bn from $1.38bn last year. "Fiscal 1988 is off to a good start," said Mr John Stafford, chairman.

The company said operating profits for its foods group rose 21 per cent to $54.9m on a 12 per cent increase in sales to $752m. International foods and grains merchandising segments were outstanding performers during the quarter.

In contrast operating profits for the restaurant group fell 4 per cent to $73.5m on a 1 per cent drop in sales. Fast food restaurants had a 2 per cent decline in operating profits as Distron, Burger King's distribution unit, encountered increased competition

Komatsu income off 41%

BY YOKO SHIBATA IN TOKYO

KOMATSU, the Japanese construction machinery maker, yesterday reported consolidated net profits of Y5.6bn ($39m) in the first quarter ended June 30, 1987, down 40.8 per cent over the same period last year.

Consolidated sales for the period fell by 11.6 per cent to Y363.7bn. Lower sales and profits reflected the adverse effect of the yen's appreciation.

Domestic sales rose 6.1 per cent to Y130.2bn, centering on increased sales of hydraulic excavators and bulldozers. This in turn reflected improved demand for construction equipment stimulated by the government's aggressive public finance programme as well as healthy private-sector housing investment.

Overseas net sales decreased 33.2 per cent to Y125bn, affected by the adverse effect of the strong Yen, and sluggish demand.

For the full fiscal year, the export environment will remain unpredictable, but domestic demand is expected to expand further. Consolidated net profits are projected at Y12.5bn, down 15 per cent on last year, and turnover is forecast at Y720bn, down 8.7 per cent from the previous year.

Sanofi jumps 40% at halfway stage

SANOFI, the pharmaceuticals, beauty products and biotechnology company controlled by the French Elf-Aquitaine oil group, has produced a 40 per cent increase in first half consolidated net profits, excluding minority interests, to FFr 267m (US$ 44.2m) from FFr 191m in the first half of last year, writes Paul Betts in Paris.

The fast-growing pharmaceutical group also reported a 26 per cent rise in cash flow to FFr 525m compared with FFr 416m in the first half last year. First-half consolidated sales rose 10 per cent to FFr 6.4bn from FFr 5.8bn in the year-before period.

Sales in the group's pharmaceutical and health care division rose 4.5 per cent in the first half to FFr 3.6bn.

Petroleum and minerals boost BHP result

By Our Sydney Correspondent

BROKEN HILL Proprietary, Australia's largest company, yesterday reported a 31 per cent improvement in quarterly net earnings as increased petroleum and minerals profits outweighed lower steel earnings.

Figures for the first quarter ending in August showed after-tax profits of A$238.9m (US$175m) compared with $182.4m in the same period last year. Revenues increased to A$2.42bn from A$2.24bn.

A breakdown of the figures revealed a quadrupling of petroleum profits to A$100.5m from A$24.2m as a result of higher world oil prices and increased production.

Minerals profits rose 8 per cent to A$82.5m. A dividend from a Brazilian iron ore venture together with improved results from other areas overcame a downturn in coal operations.

Steel profits, hurt by plant commissioning problems and industrial action, plunged by a third from A$61.7m to A$40.5m.

Associate helps push Adsteam ahead

BY CHRIS SHERWELL IN SYDNEY

ADELAIDE STEAMSHIP, the Australian conglomerate headed by entrepreneur Mr John Spalvins, and its associate, the retail group David Jones, have sharply increased annual profits.

Adsteam has announced its intention to continue accumulating shares in Royal Insurance, the largest UK-based, non-life insurance company, in which it announced a 5 per cent holding earlier this week.

The company also received a boost when Mr Spalvins won government approval for David Jones to lift its stake in National Australia Bank, the largest of the four main trading banks, from 9.8 per cent to 15 per cent.

Adsteam holds about 45 per cent of David Jones, while David Jones has a crossholding of 38 per cent in Adsteam.

The developments appeared to dispel some of the market gloom which has surrounded Mr Spalvins in recent months as he has acted on his conviction—so far not vindicated—that the stock market has peaked.

Adsteam shares added 90 cents to finish at A$11.90, while David Jones closed 80 cents higher at A$15.20. Both rises in turn pushed the market to further strong gains, and it ended the day at yet another record high.

For the year to June Adsteam's revenues increased to A$473.2m (US$346.7m) from A$365.5m, while after-tax profits would have fallen without the contribution from associated companies.

On an equity accounted basis, however, net earnings rose 43.6 per cent, from A$117.2m to a record A$168.3m. Extraordinary losses, including Adsteam's associate losses, totalled A$18m, a sharp reversal from the previous year's A$6m profit.

This reflected losses made on a deal with Mr Robert Holmes à Court's Weeks Petroleum involving a block of BHP shares, and losses made through hedging operations on futures markets. Adsteam said no further losses with regard to this were to be written off, and the group had no current exposure to the futures market.

Figures for David Jones also showed extraordinary losses, but need careful interpretation because of crossholdings. Losses amounted to A$19.5m, of which A$5.4m related to associates.

Revenues in the year to August rose to A$1.25bn from A$1.05bn, while net earnings climbed strongly to A$197.8m from A$71.3m. Including equity accounted profits, after-tax earnings increased to A$221.6m from A$94.1m.

Regarding its stake in National Australia Bank, David Jones repeated its intention to increase this to 15 per cent to seek two seats on the bank's board.

The bank, which on Thursday said no single shareholder should be allowed to hold more than 10 per cent of a major bank, reluctantly accepted the decision of Mr Paul Keating, the Treasurer, to let David Jones go ahead.

Australian legislation requires the Treasurer's approval for an increase above 10 per cent, and allows an increase above 15 per cent if it is not against the national interest.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1987 High	1987 Low
METALS					
Aluminium					
Free Market c.i.f.	$1735/755	+65	$1340/360	$1685/1685	$1205/1225
Antimony					
Free Market 99.6%	$2220/2253	+5	$2430/2533	$2430/2520	$2150/2200
Copper-Cash Grade A	£1120.75	+35.75	£932.25	£1137.75	£870.25
3 months Grade A	£1102.5	+33	£952.75	£1118.25	£849.5
Gold per oz	$461.25	+2.25	$430	$476.75	$390.25
Lead Cash	£390.5	−22	£278	£445	£286.75
3 months	£373.5	−21	£281.25	£417.5	£290.75
Nickel					
Free market	244/284c	+7	164/184c	247/267c	158/177c
Palladium	$137.25	−0.25	$143.50	$161.00	$117.15
Platinium per oz	$585.75	−2.25	$582.00	$646.50	$476.75
Quicksilver (76lbs)	$310/325	+12.5	$125-135	$300 310	$150/160
Silver per oz	461.20p	+13.85	398.35p	653.60p	344.40p
3 months per oz	472.70p	+13.55	407.85p	668.20p	352.70p
Tin					
Free market	£4150/4160	−15	£3760 790	£4,510 640	£3,960/990
Tungsten Ind	$55.47	−10	$51.25	$58.19	$41.44
Wolfram (22.04 lbs)	$39/50	−4.5	$33/45	$50/55	$32/42
Zinc cash	£447.5	−10	£528	£587	£447
3 months	£452.75	−9	£530.75	£550.5	£448
Producers	$860	—	$920	$870	$770/790
GRAINS					
Barley Futures Nov	£102.75	+2.15	£108.95	£116.55	£95.30
Maize French	£146.00	−12	£154.00	£163.50	£142.00
WHEAT Futures Nov.	£105.60	−0.55	£107.40	£125.50	£98.75
SPICES					
Cloves	‡	—	$5100	$3,800	$3,200
Pepper white	‡	—	$6400	$5,400	$4,900
black	‡	—	$4450	$4,900	$4,200
OILS					
Coconut (Philippines)	$470w	−15	$255	$530	$320
Palm Malayan	$335y	—	$205	$390	$265
SEEDS					
Copra (Philippines)	$315	−5	$155	$325	$230
Soyabeans (U.S.)	$152	+1	$164	$162.5	$13.5
OTHER COMMODITIES					
Cocoa Futures Dec	£1224.5	+25	£1582.5	£1,439.5	£1,198.5
Coffee Futures Nov.	£1321.5	—	£2433	£1555.5	£1,210.5
Cotton Outlook A Index	‡	—	45.30c	87.70c	62.55c
Gas Oil Fut. Nov	$156	−0.5	$128	$173.25	$125.5
Jute LJA BWC grade	$425	—	$225	$425	$280
Rubber kilo	70.5p	+0.5	62p	71.5p	60p
Sisal No. 3L	$615	—	$625	$515	$610
Sugar (Raw)	$164.2t	+6.6	$119.5	$204	$139.5
Tea (quality) kilo	‡	—	200p	160p	140p
(low med) kilo	70p	—	122p	111p	50p
Wooltops 64s Super	490p kilo	—	393p kilo	546p kilo	416p kilo

‡ Unquoted. (x) Nov. (w) Sept/Oct. (y) Dec. (z) Oct/Nov. (t) Oct.

ALUMINIUM

99.7% purity	Unofficial close (p.m.)	+ or −	High/Low
	$ per tonne		
Cash	1810-20	+40	—
3 months	1745-55	+25	1755/1745

Official closing (am): Cash 1815-25 (1740-5), three months 1745-55 (1710-5), settlement 1825 (1745). Final Kerb close: N/A. Ring turnover: 1500 tonnes.

99.5% purity	£ per tonne		
Cash	1065-7	+28	—
3 months	1030-1	+11	1040/1026

Official closing (am): Cash 1089-91 (1055-7), three months 1035-6 (1022-2.5), settlement 1091 (1057). Final Kerb close: 1038-9. Ring turnover: 27500 tonnes.

COPPER

Grade A	Unofficial close £ per tonne	+ or −	High/Low
Cash	1120.5-1	+25.5	1132/1120
3 months	1102-3	−5	1116/1101

Official closing (am): Cash 1131.5-2.5 (1124-5), three months 1114.5-5.5 (1109-10), settlement 1132.5 (1125). Final Karb Close: 1107-8.

Standard			
Cash	1114.5-8.5	n/c	—
3 months	1095-8	−8	—

Official closing (am): Cash 1126-30 (1118-20), three months 1106-11 (1105-6), settlement 1130 (1120). US Producer prices 86191 cents per lb. Total ring turnover 30400 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	389.5-91.5	−1.5	388.5/388
3 Months	375-4	−1	376/370

Official closing (am): Cash 388-8.5 (385.5), three months 372-2.5 (37.5-8), settlement 388.5 (396). Final Kerb close: 375-6. Ring turnover 6075 tonnes. US Spot: 42 cents per lb.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	3255-65	−27.5	3279/3255
3 months	3270-5	−24.5	3280/3270

Official closing (am): Cash 3270-5 (3278-80), three months 3270-5 (3288-90), settlement 3275 (3280). Final Kerb close: 3270-5. Ring turnover 1014 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	447-8	−2.5	—
3 months	425.5-3	−2	455/452

Official closing (am): Cash 448-8.5 (452.5-3.5), three months 453-4 (457.5-8), settlement 448.5 (453.5). Final Kerb close: 9200 tonnes. US Prime Western: 43/47.75 cents per lb.

Kuala Lumpur Tin Market: Close 16.90 (16.91) ringgit per kg. Down 0.01 ringgit per kg.

TIN

LONDON METAL EXCHANGE TRADED OPTIONS

	Strike Price $/tonne	Calls Nov.		Puts Nov.	
Aluminium 99.7%	—	—		—	
		Nov.	Jan.	Nov.	Jan.
Aluminium 99.5%	1,675	84	56½	41	99
	1,700	70	47½	52	114½
	1,725	58	40	64	131
Copper (Grade A)	1,750	107	110½	27	63
	1,800	75½	86	45½	86
	1,850	51	64	70	114
Copper (Grade A) £/tonne	1,075	54½	56½	16	32½
	1,100	39½	44	24½	44
	1,125	27	33½	37	57½

GOLD

GOLD BULLION (fine ounce)	Sept. 18	
Close	$461-461½	(£278¼-278¾)
Opening	$460¼-460¾	(£278½-279)
M'n'g fix	$461.35	(£278.93)
Aft'n'n fix	$461.70	(£278.669)
Day's high	$462½-463	—
Day's low	$460-460½	—

GOLD AND PLATINUM COINS		
Am Eagle	$474-479	(£285¼-289¼)
Mapleleaf	$473-476	(£285¾-287½)
Kr'g'r'nd	$460-463	(£277¾-279½)
½ Krug.	$235½-245	(£142¼-147½)
¼ Krug.	$117½-125½	(£70¾-75¾)
Angel	$471-474	(£284½-286¼)
1/10 Angel	$45¼-50¼	(£27½-30½)
New Sov.	$108½-109½	(£65½ 66¼)
Old Sov.	$108½-110½	(£65½-66¾)
Noble Plat.	$603-611	(£364¼-369)

INDICES

REUTERS

Sept. 18	Sept. 17	M'th ago	Year ago
1664.8	1654.2	1668.4	1509.9

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Sept. 17	Sept. 16	M'th ago	Year ago
Spot	128.37	128.91	—	125.09
Fut	131.26	131.02	—	126.68

(Base: December 31 1931=100)

SILVER

Silver was fixed 4.55p an ounce higher for spot delivery in the London bullion market yesterday at 461.2p. US cent equivalents of the fixing levels were: spot 762.1c, up 12.2c; three-month 777.85c, up 12.45c; six-month 793.95c, up 12.1c; and 12-month 831.35c, up 15.55c. The metal opened at 458½-460p (757½-758½c) and closed at 454½-458p (753-756c).

SILVER per troy oz	Bullion Fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	461.20p	+4.55	751p	−4.5
3 months	472.70p	+4.65	765p	−4½
6 months	484.40p	+5.65	—	—
12 months	510.25p	+5.50	—	—

LME—Turnover: 0 (0) lots of 10,000 ounces.

Three months final kerb 765-6c.

COFFEE

After a quiet and subdued morning the market steadied with some trade buying and a firm New York opening. Some late short-covering and speculative buying ahead of next week's ICO meeting left the market at the highs, reports Drexel Burnham Lambert.

COFFEE	Yesterday's close	+ or −	Business done
Sept	1285-1290	+10.0	1290-1277
Nov	1320-1322	+12.5	1323-1305
Jan	1344-1346	+10.0	1345-1330
Mar	1360-1361	+7.0	1360-1349
May	1374-1376	+5.5	1378-1370
July	1390-1405	+7.0	1399-1395
Sept	1410-1415	+2.0	1418-1415

Sales: 2,742 (1,495) lots of 5 tonnes. ICO indicator prices (US cents per pound) for September 17: Comp daily 1979 104.86 (104.15); 15-day average 105.77 (105.63).

COCOA

Futures traded in subdued conditions and closed unchanged. Manufacturers remain sidelined, while origins participated in making light sales, reports Gill and Duffus.

	Yesterday's close	+ or −	Business done
	£ per tonne		
Sept.	1192-1193	−4.0	1196-1190
Dec.	1224-1225	−1.5	1228-1217
March	1254-1255	−1.0	1258-1246
May	1274-1275	−2.0	1279-1269
July	1294-1295	−5.0	1299-1293
Sept.	1313-1315	−4.0	1318-1312
Dec.	1334-1335	−3.0	1341-1330

Sales: 3,198 (2,392) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for September 18: 1541.49 (1540.33); 10-day average for September 21: 1527.06 (1528.78).

FREIGHT FUTURES

	Close	High/Low	Prev.
Dry Cargo			
Oct.	1056/1060	1050/1038	1056/1050
Jan.	1102/1108	1100/1080	1105/1100
Apr.	1152/1160	1150/1148	1156/1150
July	1025	1040	—
Oct.	1150	—	—
Jan.	1150	—	—
April	1220	—	—
BFI.	1034	—	—

Turnover: 81 (141).

GRAINS

LONDON GRAINS—Wheat: US dark northern spring No. 2 14 per cent Oct 95.50, Nov 96.50. US No. 2 soft red winter Oct 90.50, Nov 93.00, Dec 94.50. French 11½-12 per cent Sept 134.50 sellers. English feed fob Sept 106.00 paid Boston, Oct 107.50 buyer, Shoreham, Oct/Dec 107.50 buyer, Jan/March 111.00/112.00, April/June 115.00/115.25 buyer/sellers. Maize: US No. 3 yellow/French transhipment east coast Sept 146.00 seller. Barley: English feed Sept 99.0/101.00 buyer/sellers. Oct 105.00 sellers. Oct/Dec 106.75/107.50, Jan/March 110.00/110.75 buyer/sellers.

Business done — Wheat: Sept 105.15-4.75, Nov 105.90-5.55, Jan 108.00-107.50, March 110.55-110.20, May 113.10-113.00, July untraded. Sales: 202 lots of 100 tonnes. Barley: Sept 100.75-0.25, Nov 102.75-2.10, Jan. 105.70-4.90, March 107.50-7.00, May untraded. Sales: 711 lots of 100 tonnes.

Potential Soviet harvest problems and keen shipper demand kept values firm throughout the day with the emphasis again on barley, reports T. G. Roddick.

Mnth	WHEAT Yest'rdy's close	+ or −	BARLEY Yest'rdy's close	+ or −
Sep.	104.85	+0.15	100.75	+0.50
Nov.	105.55	+0.30	102.75	+0.65
Jan.	107.80	+0.45	105.70	+0.70
Mar.	110.45	+0.45	107.60	+0.86
May	112.85	+0.30	109.40	+0.50
July	115.25	+0.50	—	—

HGCA — Locational ex-farm spot prices. The UK monetary coefficient for the week beginning Monday September 28 (based on HGCA calculations using three days' exchange rates) is expected to remain unchanged.

POTATOES

The market was very thin with prices falling during the afternoon in anticipation of favourable weather over the weekend, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Nov.	82.50	84.30	82.50-82.00
Feb.	93.00	93.00	—
March	85.30	85.50	—
Apr.	131.40	132.60	133.80-131.50
May	146.50	146.30	146.00

Sales: 219 (430) lots of 40 tonnes.

OIL

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel) Oct.		
Arab Light	—	—
Arab Heavy	—	—
Dubai	16.65-16.85	−0.125
Brent Blend	18.25-18.30	−0.17
W.T.I. (1pm edt)	19.45-19.60	−0.175
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($per tonne)		
Premium gasoline	173-176	—
Gas Oil	153-155	−1
Heavy fuel Oil	95-96	—
Naphtha	158-160	—

Petroleum Argus estimates
* October.

GAS OIL FUTURES

Month	Yesterd'ys close	+ or −	Business done
	US$ per tonne		
Oct	154.25	−1.25	156.00-54.00
Nov	156.00	−1.25	156.50-55.75
Dec	157.57	−1.75	158.50-57.75
Jan	160.00	−0.50	160.00
Feb	158.00	−3.00	—

Turnover: 1,153 (3,048) lots of 100 tonnes.

MEAT

MEAT COMMISSION — Average fatstock prices at representative markets. GB—Cattle 98.42p per kg lw (−1.67). GB—Sheep 159.60p per kg est dcw (−3.01). GB—Pigs 73.86p per kg lw (+0.26).

US MARKETS

PRECIOUS METALS traded qiety lower on the day on a combination of trade, fund and local selling, reports Drexel Burnham Lambert. However, at the lower levels, trade and commission house support prompted short-covering which pared losses. Copper fell on early fund selling but eventually reached new contract highs on good mixed buying before profit-tking and local long-liquidation eased prices. Crude oil futures were confined to a narrow range in light volume. Coffee firmed on book-squaring before the ICO meeting. Cocoa was quietly firm, backing off on late profit-taking. Sugar rallied on commission house buying and stops, but trade scale-up price-fix selling put the market on the defensive for the rest of the day. Cotton firmed on commission house buying, but trade resistance at the highs caused prices to ease towards the close. Orange juice was firm on commission house buying. Reports that India was interested in sizeable quantities of US grain kept maize firm, but forecasts of better harvesting weather weakened prices following early professional and commission house business with Bangladesh and Egypt. Soyabeans were higher reflecting firmer cash prices and delays on harvesting. Soyameal firmed on reports of a smaller weekly crush and good South American trade. Soya oil steadied on technical buying and in response to higher values in Europe. Cattle

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	Prev	High	Low
Sept	82.90	82.65	—	—
Oct	80.25	80.00	—	—
Nov	80.25	80.00	—	—
Dec	79.50	79.25	79.50	79.50
Jan	77.75	77.50	—	—
March	75.00	74.75	—	—
May	71.90	71.65	—	—
July	69.75	69.50	—	—

COCOA 10 tonnes; $/tonnes

	Close	Prev	High	Low
Dec	19.12	19.07	19.25	18.95
Mar	19.30	19.24	19.40	19.16
May	19.58	19.52	19.62	19.56
July	19.75	19.75	—	—
Sep	19.98	19.98	—	—
Dec	20.28	20.24	—	—

COFFEE "C" 37,500 lbs; cents/lbs

	Close	Prev	High	Low
Sept	116.00	113.05	116.00	113.50
Dec	116.32	115.72	116.90	115.60
Mar	119.40	119.00	120.08	119.10
May	120.50	120.30	121.50	120.30
July	121.25	122.83	122.83	122.00
Sept	123.58	123.75	123.75	123.75
Dec	122.50	125.25	—	—

COPPER 25,000 lbs; cents/lbs

	Close	Prev	High	Low
Sept	83.60	84.15	84.25	83.20
Oct	82.70	83.15	83.65	83.65
Nov	82.20	82.70	—	—
Dec	81.70	82.20	82.40	81.20
Jan	81.05	81.50	—	—
March	79.85	80.20	80.45	79.35
May	79.00	79.40	79.80	79.10
July	77.40	77.80	77.20	77.20
Sept	77.85	78.25	78.15	78.15
Dec	77.80	78.20	78.40	77.75

COTTON 50,000 lbs cents/lbs

	Close	Prev	High	Low
Oct	76.23	76.05	77.05	75.95
Dec	75.25	74.75	75.90	74.45
Mar	76.37	75.75	76.95	76.20
May	76.85	76.65	77.40	76.35
July	76.50	75.80	76.65	75.90
Oct	69.40	68.85	70.00	69.25
Dec	67.21	66.50	68.00	66.90

CRUDE OIL (LIGHT) 42,000 US gallons; $/barrels

	Latest	Prev	High	Low
Oct	19.49	19.64	19.60	19.45
Nov	19.15	19.16	19.20	19.10
Dec	19.00	19.01	19.05	18.98
Jan	18.92	18.96	19.00	18.91
Feb	18.90	18.94	18.98	18.88
March	18.88	18.92	18.93	18.87
April	18.85	18.90	18.89	18.85
May	18.83	18.85	18.91	18.83
June	18.90	18.86	—	—
July	18.90	18.84	—	—

GOLD 100 troy oz; $/troy oz

	Close	Prev	High	Low
Sept	458.1	459.7	462.0	462.0
Oct	459.2	460.9	463.5	459.0
Nov	462.4	464.0	—	—
Dec	465.3	466.9	469.5	465.0
Feb	461.7	473.3	476.4	471.6
April	478.0	479.6	482.5	480.5
June	484.5	486.1	487.5	486.2
Oct	498.4	500.0	501.0	501.0
Dec	505.6	507.2	509.5	505.0
Feb	513.0	514.6	—	—
June	528.0	529.6	529.0	529.0

HEATING OIL 42,000 US gallons; cents/US gallons

	Close	Prev	High	Low
Oct	51.85	51.91	52.00	51.50
Nov	52.46	52.49	52.50	52.15
Dec	53.00	53.04	53.15	52.75
Jan	53.50	53.23	53.80	53.40
Feb	53.75	53.98	53.85	53.70
Mar	52.25	52.30	52.35	52.10
April	50.30	51.00	51.00	50.30
May	49.80	49.75	50.00	49.65
June	49.20	49.25	49.20	49.20
July	49.40	49.45	49.40	49.40

ORANGE JUICE 15,000 lb, cents/lb

	Close	Prev	High	Low
March	129.40	129.60	129.90	129.00
Nov	131.10	130.90	132.80	130.75
Jan	128.75	128.30	129.20	128.50
May	129.80	129.28	129.50	129.80
July	130.05	129.65	130.20	129.75
Sept	137.15	139.10	139.60	136.90
Nov	130.25	129.95	—	—
Jan	130.25	129.95	—	—

PLATINUM 50 troy oz, $/troy oz

	Latest Close	Prev Prev	High High	Low Low
Oct	582.7	590.8	590.5	582.0
Jan	591.1	598.7	605.0	590.5
Apr	599.6	606.9	611.0	603.5
Jul	608.1	615.4	619.9	615.0
Oct	616.6	623.9	—	—

SILVER 5,000 troy oz; cents/troy oz

	Close	Prev	High	Low
Sept	738.4	757.5	759.0	733.0
Oct	738.5	760.0	—	—
Nov	743.7	765.2	—	—
Dec	748.5	770.0	777.5	746.0
Jan	753.5	776.1	771.0	771.0
March	765.3	788.9	794.0	764.0
May	776.9	798.5	800.0	779.0
July	789.1	810.7	803.0	785.0
Sept	801.3	882.9	—	—

SUGAR WORLD "11"
112,000 lbs; cents/lbs

	Close	Prev	High	Low
Oct	6.37	6.39	6.50	6.30
Jan	6.60	6.70	7.10	6.60
March	7.12	7.19	7.35	7.11
May	7.33	7.37	7.55	7.32
July	7.49	7.54	7.69	7.45
Oct	7.69	7.78	7.93	7.68
Jan	7.91	8.01	—	—

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	Prev	High	Low
Oct	68.40	66.90	68.40	66.67
Dec	68.22	66.72	68.22	66.57
Feb	68.02	66.52	68.02	66.40
April	69.12	67.62	69.12	67.50
June	69.10	67.65	69.15	67.50
August	67.60	66.20	67.63	66.00
Oct	66.10	65.00	66.10	64.90

LIVE HOGS 30,000 lbs; Cents/lbs

	Close	Prev	High	Low
Oct	47.65	47.05	47.82	47.00
Dec	46.07	45.00	46.30	45.55
Feb	44.02	43.37	44.32	43.45
April	41.07	40.85	41.32	40.80
June	43.70	43.27	43.85	43.37
July	44.15	43.80	44.15	43.85
Aug	42.80	42.55	43.20	42.50
Oct	40.45	40.70	40.55	40.35
Dec	40.77	40.77	40.80	—

MAIZE 5,000 bu min, cents/56 lb-bushel

	Close	Prev	High	Low
Sept	175.6	175.2	177.4	175.0
Dec	180.4	180.6	182.2	180.0
March	189.2	189.6	191.2	189.0
May	194.0	194.4	195.4	193.5
July	196.2	196.2	197.6	196.0
Sept	194.6	194.4	196.0	194.4
Dec	196.0	196.4	196.6	195.4

PORK BELLIES 38,000 lbs; Cents/lbs

	Close	Prev	High	Low
Feb	58.92	58.87	59.30	58.65
March	58.65	58.42	59.25	58.00
May	59.10	59.05	59.80	59.50
July	59.05	58.30	59.47	58.45

SOYABEANS 5,000 bu min; cents/60 lb-bushel

	Close	Prev	High	Low
Sept	535.0	531.2	538.0	532.0
Nov	533.2	532.6	538.0	531.4
Jan	538.0	538.6	543.0	537.0
March	543.4	544.6	549.0	542.2
May	547.4	550.0	552.4	547.4
July	548.4	551.2	553.0	548.0
Aug	545.0	548.0	546.0	545.0
Sept	543.0	538.0	535.0	534.0

SOYABEAN MEAL 100 tons; $/ton

	Close	Prev	High	Low
Sept	181.5	180.5	181.7	179.0
Oct	174.8	174.6	176.0	173.2
Dec	170.8	170.6	172.0	169.3
Jan	168.8	168.5	169.5	167.3
March	167.2	166.7	169.0	166.0
May	165.5	165.7	167.0	164.5
July	165.5	165.0	167.0	165.0
August	165.5	164.0	166.5	165.0
Sept	165.5	164.1	166.5	165.0

SOYABEAN OIL 60,000 lb; cents/lbs

	Latest	Prev	High	Low
Sep	16.12	16.12	16.28	16.10
Oct	16.15	16.23	16.34	16.14
Dec	16.53	16.61	16.72	16.52
Jan	16.65	16.75	16.86	16.63
Mar	16.95	17.08	17.18	16.95
May	17.12	17.31	17.35	17.10
July	17.30	17.50	17.55	17.30
Aug	17.25	17.61	17.20	17.30
Sep	17.30	17.50	17.70	17.30
Oct	17.45	17.70	17.70	17.45

WHEAT 5,000 bu min; cents/60lb-bushel

	Latest	Prev	High	Low
Sep	285.6	282.4	285.6	281.4
Dec	298.2	296.0	298.4	294.6
Mar	304.6	302.6	306.0	301.4
May	298.0	298.2	298.6	297.6
July	280.6	282.4	283.0	280.4
Sep	284.0	284.4	284.0	284.0

SPOT PRICES: Chicago loose lard 16.00 (same) cents per pound. Handy and Harman silver bullion 751.5 (753.0) cents per troy ounce. New York tin 316-318 (317-318) cents per pound.

RUBBER

PHYSICALS—closing prices (buyers): Spot 70.50p (71.00p); Oct 70.00p (70.50p); Nov 70.25p (70.75p). The Kuala Lumpur fob prices (Malay-Singapore cents) per kg was: RSS No 1 271.0 (same); SMR 20 255.5 (256.0).

SOYABEAN MEAL

	Yesterd'ys close	+ or −	Business done
	£ per tonne		
October	143.8-144.0	−1.00	—
Dec	133.5-135.0	+0.75	135.0
Feb	135.0-135.6	−0.25	—
April	134.0-136.0	−0.15	—
June	128.0-131.0	....	—
August	128.0-129.0	+0.35	127.5
October	—	....	—

Sales: 5 (552) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $164.20 (£99.60), up $6.20 (up £3.40) a tonne for October-November delivery. White sugar $187.60, up $1.60.

	Yesterd's close	Previous close	Business done
	$ per tonne		
No. 6 Raws			
Oct.	143.4-145.0	145.4-146.8	151.0-143.2
Dec	149.4-150.0	150.4-152.0	155.0-150.0
Mar	159.2-158.8	160.4-160.6	164.0-159.0
May	163.2-163.4	164.4-164.8	168.2-163.8
Aug	167.0-167.4	169.4-169.8	171.0-169.4
Oct	171.4-172.0	173.4-174.0	175.0-175.8
Dec	174.5-175.8	175.9-176.8	—
No. 5 Whites			
Oct.	205.0-206.0	197.0	209.0-204.0
Dec	187.0-189.0	188.5-190.0	190.0-187.5
Mar.	192.0-198.5	193.5-195.0	197.0-195.0
May	196.5-197.5	199.0-199.0	197.6
Aug	202.0	199.0-192.0	205.4-201.0
Oct.	—	—	—
Dec	202.0-218.0	210.0	209.0

Sales: No 6 4,470 (3,528) lots of 50 tonnes; No 5 2,225 (1,803).

Tate & Lyle delivery price for granulated basis sugar was £204.50 a tonne for export.

International Sugar Agreement—(US cents per pound f.o.b. and stowed Caribbean ports.) Prices for September 17: Daily price 6.00; 15-day average 5.63.

PARIS—Whites (FFr per tonne): Oct 1130/1139, Dec 1176/1178, March 1201/1206, May 1225/1235, Aug 1248/1260, Oct 1276/1280.

WORLD STOCK MARKETS

WALL STREET

Stocks held in narrow range

STOCKS REMAINED in a narrow range, inching higher on sluggish volume on Wall Street yesterday, when concern about the expirations of stock index futures and options and individual stock options kept the trading cautious. Little change in dollar and bonds prices lent no direction to stock investors.

After rising around 15 points, the Dow Jones Industrial Average was up 9.86 to 2537.86 at 1 pm, while the NYSE All Common index, at $176.84, firmed 36 cents. Advances led declines by a seven-to-five majority in a volume of 127.39m shares.

The moderate gains were attributed to a steady opening in US Treasuries and imbalances in certain issues reported by the NYSE on Triple Witching Day. The market ignored an early decline in the dollar.

While some investors remained nervous that there still could be some volatility at the close associated with these expirations, a number of traders and analysts believe it will largely be a non-event.

Higher Bond prices helped buoy equities, traders said. And although he dollar was lower on the day, its decline levelled off, they added.

J. C. Penney lost 1 to 57, K Mart ⅝ to $40⅝ and Sears $¼ to 52⅛.

Among other Bib Board actives, Portland general held unchanged at $25, General Public Utilities shed $¼ to $27⅜.

The American SE Market Value index put on 0.23 to 352.84 in a volume of 8.56m shares.

Speciality retailers tumbled following lower analysts estimates. The Gap fell $8¼ to $47⅝and the Limited $1¾ to $36⅛.

Dayton Hudson advanced $5¾ to $59⅛ and was the most active NYSE issue. Dart Group made a $65 a share takeover offer for the company.

Other actives included IBM, off $¼ to $157¾, and Exxon, up $½ at $45¼.

Merck moved up $1⅞ to $283⅛, Du Pont $1¼ to $112⅛.

Thursday's tentative contract between Ford Motor and the United Auto Workers Union means the union now will try to win simliar terms from GM, which could result in a strike there soon, a press article reports. Ford held unchanged at $104½ and Chrysler were ahead $½ at $43¾. But General Motors were down $1¼ to $86.

CANADA

Stocks posted a small advance in moderately active trading at midday, with Golds, Mines and Industrials rising against a decline in Energy issues.

The Toronto Composite index climbed 5.20 to 3906.30.

Investors are in wait-and-see mood following corrections in the bond and equities markets.

In Gold issues, American Barrick rose $⅝ to $39¾, Placer Dome $¼ to $27⅛ and Echo Bay $¼ to $38⅝.

Oil and Gas issues were generally lower, with Texaco Canada declining $½ to $35, Imperial Oil "A" slipped $⅝ to $73⅝ and Gulf Canada $¼ to $23¾.

Banks were mixed.

TOKYO

Mixed in heavy trade as investors squared positions ahead of next month's start of the new fiscal year.

The Nikkei Average shed a further 10.47 to 24,844.84. Declines led advances by five-to-four in turnover of 1.6bn (1.1bn) shares.

The first sectin index lost 6.50 to 2,044.67, and the second section index slipped 6.53 to 2,662.90. Turnover 15.2m (16.6m) shares.

The Exchange will be closed today for a regular market holiday.

Buying focused on "large capital" steels, Shipbuildings, Chemicals and Electricals thought likely to lead the market higher, when companies begin their fiscal years next month.

But Banks, Securities, Insurances and other Financials eased on fears of higher nterest rates. Pharmaceuticals, some Electricals, Glass, Cement, Rubber and Mining shares also declined.

Many institutions are executing block trades on the Nagoya and Osaka exchanges in order to fix gains, or losses, for the year. Tokkin and other institutions are doing window dressing. Others are buying and selling for quick profits.

Brokers said the market is likely to become increasingly brisk from next Thursday, following a national holiday on Wednesday and the end of annual year-end meetings by branch managers of Securities Houses.

September 26 also marks the last day of trading for September settlement.

HONG KONG

Bargain hunting sent stock prices to sharply higher levels, propelling the Hang Seng index up 78.60 to 3,649.96—*its biggest one-day gain in three weeks.*

Turnover HK$3.03bn (HK$2.25m).

The market strengthened after a volatile week and ahead of the mid-year economic report by Financial Secretary Piers Jacobs, on Monday. Brokers expect a big upward revision of an initial forecast of 6 per cent economic growth.

The Cheung Kong group, under pressure since announcing a HK$10.3bn rights issue, regained its balance as Hutchison gained 20 cents to HK$3.90, HK Electric 15 cents to 9.75 and Cavendish 10 cents to 5.10. Cheung Kong were steady at 12.50.

Hk Land rose 20 cents to 8.35 and Jardine Matheson 30 cents to 22.20 ahead of interim results due next week. Mandarin Oriental held unchanged at 5.80—it had interim profits of HK$112m in its first year as a listed firm.

SINGAPORE

Share prices continued to fall over a broad front in dull trading. Despite the entry of Jurong Shipyard, dealers said. A preponderance of sellers, either taking profits or cutting losses, caused several Blue Chips and "quality" stocks to post double-digit losses.

The Straits Times Industrial Index declined 21.26 to 1,393.34. *Turnover 21.8m (18.0m) shares.*

Jurong Shipyard traded about 3.8m shares at between S$3.00 and S$2.80, before closing at S$2.82 against its issue price of S$1.50.

AUSTRALIA

Sharply higher at record levels, with demand fuelled by firmer bullion prices and further solid profit results.

The all Ordinaries Index was up *21.5 to a record* 2,305.5, the All Industrials gained 32.6 to 3,407.3, Golds 63.4 to 4,091.5, the All Resources 14.0 to 1,459.9, Metals and Minerals 20.1 to 1,451.2 and Oil and Gas 9.1 to 992.6.

Turnover was 192.12m shares worth A$470.42m. Rises outnumbered falls by three-to-two.

Industrial and special situaton stocks were the top performers, but there were also strong rises in Gold and Resource scrip.

Adelaide Steamship and its associate David Jones rose 90 cents to A$11.90 and 80 cents to A$15.20 respectively on solid profit results and news that Treasurer, Paul Keating, would not prevent David Jones from increasing its stake in the National Australia Bank to 15 per cent.

GERMANY

Easier in lacklustre trading as the threat of a further decline in the dollar hung over the market and scared off potential foreign buyers.

This uncertainty, combined with book-squaring before the weekend, was enough to push prices down across the board. But some dealers said share prices could really next week if the dollar firms.

The Commerzbank 60-Share Index, calculated at midday, *fell* 13.3 to 1973.1.

In banks, Deutsche lost DM 4.20 to 690.30, Dresdner weakened DM 3 to 360 and Commerzbank DM 4 to 299.50.

Chemicals were also weaker.

Indices

NEW YORK — DOW JONES

	Sept. 17	Sept. 16	Sept. 15	Sept. 14	1987 High	1987 Low	Since compilation High	Since compilation Low
♦Industrials	2527.90	2530.19	2566.58	2613.04	2722.42 (25/8)	1927.31 (2/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	84.13	84.33	84.65	84.87	95.51 (9/2)	84.33 (16/9)	(—)	(—)
Transport	1021.47	1024.76	1033.46	1038.72	1101.16 (14/8)	816.38 (2/1)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	195.29	195.71	197.25	199.86	227.83 (22/1)	191.39 (20/5)	227.83 (22/1/87)	10.5 (8/4/32)

♦Day's High 2557.28 (2585.18) Low 2508.00 (2522.52)

STANDARD AND POOR'S	Sept. 17	Sept. 16	Sept. 15	Sept. 14	1987 High	1987 Low	Since compilation High	Since compilation Low
Composite‡	314.93	314.86	317.74	323.08	336.77 (25/8)	246.45 (2/1)	336.77 (25/8/87)	4.40 (1/6/32)
Industrials	368.06	367.94	371.55	378.12	393.17 (25/8)	274.58 (2/1)	393.17 (25/8/87)	3.62 (21/6/32)
Financials	29.66	29.77	30.05	30.57	32.43 (25/8)	25.97 (29/5)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	176.48	176.51	177.98	180.54	187.99 (25/8)	141.01 (2/1)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. value	352.61	352.77	353.47	355.19	365.01 (13/8)	267.49 (2/1)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	440.75	440.85	441.94	445.49	455.28 (26/8)	353.26 (2/1)	455.28 (26/8/87)	54.87 (3/10/72)

	Sept. 11	Aug. 28	Aug. 21	year ago (approx.)
Dow Industrial Div. Yield	2.63	2.59	2.52	3.87
	Sept. 16	Sept. 9	Sept. 2	year ago (approx.)
S and P Industrial Div. Yield	2.36	2.36	2.30	3.26
S and P P/E ratio	22.71	22.64	23.23	16.58

TRADING ACTIVITY † Volume

Millions	Sept. 17	Sept. 16	Sept. 15
New York	150.030	195.740	136.240
Amex	10.798	12.310	11.855
OTC	154.551	141.805	135.476

NEW YORK	Sept. 17	Sept. 16	Sept. 15
Issues Traded	1,975	1,977	1,988
Rises	680	509	479
Falls	818	1,016	1,111
Unchanged	477	452	398
New Highs	34	28	28
New Lows	65	55	56

CANADA

TORONTO

	Sept. 17	Sept. 16	Sept. 15	Sept. 14	1987 High	1987 Low
Metals & Minerals	3246.7	3274.5	3285.5	3298.2	3483.6 (4/8)	1988.2 (2/1)
Composite	3901.0	3908.3	3291.7	3940.2	4112.9 (13/8)	3067.8 (2/1)
MONTREAL Portfolio	1932.94	1936.27	1939.90	1955.02	2224.77 (16/7)	1534.3 (2/1)

	Sep. 18	Sep. 17	Sep. 16	Sep. 15	1987 High	1987 Low
AUSTRALIA						
All Ord (1/1/80)	2305.5	2284.0	2274.5	2250.6	2305.5 (18/9)	1486.7 (2/2)
Metals & Minerals (1/1/80)	1451.2	1431.1	1430.8	1418.4	1458.3 (4/8)	729.1 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	225.10	229.48	228.35	227.45	230.60 (2/1)	192.21 (19/6)
BELGIUM						
Brussels SE (1/1/80)	5334.57	5120.34	5142.47	5208.59	5425.20 (13/8)	3987.86 (9/1)
DENMARK						
Copenhagen SE (3/1/83)		294.9	293.89	294.08	229.76 (27/8)	199.64 (6/1)
FINLAND						
Unitas General (1975)	650.2	648.4	641.8	637.1	650.2 (18/9)	425.2 (2/1)
FRANCE						
CAC General (31/12/82)	429.20	425.8	426.0	429.7	460.4 (26/3)	392.8 (2/1)
Ind Tendance (31/12/86)	111.6	111.0	110.5	111.1	117.2 (26/3)	97.8 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	(u)	646.13	646.43	651.77	676.84 (6/1)	590.32 (19/5)
Commerzbank (1/12/53)	1973.1	1986.4	1983.3	2008.9	2061.10 (17/8)	1633.8 (13/5)
HONG KONG						
Hang Seng Bank (31/7/64)	3649.96	3571.36	3604.64	3646.92	3668.50 (11/9)	2449.28 (28/1)
ITALY						
Banca Com. Ital (1972)	615.53	613.58	608.96	598.88	767.34 (30/3)	590.88 (15/9)
JAPAN**						
Nikkei (16/5/49)	24844.84	24855.3	24967.7	(c)	26118.42 (1/9)	18544.0 (13/1)
Tokyo SE New (4/1/68)	2044.67	2051.2	2061.71	(c)	2258.56 (11/6)	1557.46 (13/1)
NETHERLANDS						
ANP CBS Gen (1970)	(u)	(u)	(u)	(u)	304.10 (14/8)	257.7 (28/1)
ANP CBS Indust. (1970)	(u)	(u)	(u)	(u)	280.80 (11/8)	243.7 (28/1)
NORWAY						
Oslo SE (4/1/83)	584.44	575.64	568.45	565.40	584.44 (18/9)	361.98 (2/1)
SINGAPORE						
Straits Times (30/12/66)	1393.34	1414.60	1454.20	1453.35	1505.40 (26/8)	880.48 (2/1)
SOUTH AFRICA						
JSE Gold (28/9/78)		2264.0	2285.0	2298.0	2499.0 (3/8)	1706.0 (19/3)
JSE Indust (28/9/78)		2210.0	2204.0	2204.0	2226.0 (14/8)	1423.0 (2/1)
SPAIN						
Madrid SE (30/12/85)	327.05	321.26	319.61	316.11	321.26 (17/9)	282.89 (8/5)
SWEDEN						
Jacobson & P. (31/12/56)	3079.20	3094.50	3120.30	3124.50	3134.30 (14/9)	2111.39 (28/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	703.2	703.8	702.3	704.6	704.6 (15/9)	559.7 (25/2)
WORLD						
M.S.Capital Intl. (1/1/70)		476.9	476.7	478.5	495.90 (27/8)	363.3 (2/1)

**Saturday September 12: Japan Nikkei (c), TSE (c)

Base values of all indices are 100 except Brussels SE—1,000 JSE Gold—255.7 JSE Industrials—264.3 and Australia. All Ordinary and Metals—500; NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Citicorp	5,290,500	57½	−⅛
A T & T	2,101,300	31⅞	+⅛
IBM	2,035,700	157⅞	+1⅛
Hospital Corp	1,747,200	44⅛	−⅞
Exxon	1,715,000	45⅜	−⅛
Gen. Electric	1,671,800	59⅜	+⅛
Mobil	1,510,100	46⅛	−⅛
Phillips Petim.	1,428,000	16⅛	−⅛
Storage Tech.	1,405,700	3	—
Eastman Kodak	1,392,100	99½	+⅛

FOREIGN EXCHANGES

Sterling quietly firmer

STERLING FAILED to show much reaction to better than expected bank lending figures. While statistics released over the past week have added up to a very strong base for sterling, traders were reluctant to open fresh positions ahead of the weekend especially since the extent of the Bank of England's apparent determination to defend the DM 3.00 level remained something of an unknown quantity.

Speculators were keen to find out how the UK authorities would react to the picture of rising economic growth, a firm currency and relatively high interest rates.

The pound's exchange rate index finished at 73.3 up from 73.2 at the opening and Thursday night's close. Against the dollar it improved to $1.6555 from $1.6465 but remained shy of the DM 3.00 level, closing at DM 2.9900, up from DM 2.9875. It was higher against the yen at Y236.25 from Y236.00. Elsewhere it finished at FFr 9.9625 from FFr 9.97 and SFr 2.4775 unchanged.

The dollar finished on a weak note, reacting to the latest rumour that next week's meeting of G7 ministers and the IMF would result in a lower target range for the US unit against the yen. However, there was insufficient conviction to make any serious attempt to explore the dollar's downside potential and the US unit ended within its recent trading range but nervous and weak.

Against the D-Mark it slipped to DM 1.8055 from DM 1.8150 and Y142.65 from Y143.35. Elsewhere it slipped to SFr1.4970 from SFr1.5055 and FFr6.0175 compared with FFr6.0550. On Bank of England figures, the dollar's exchange rate index fell from 100.9 to 100.5.

D-MARK—Trading range against the dollar in 1987 is 1.9385 to 1.7690. August average 1.8573. Exchange rate index 146.7 against 147.0 six months ago.

There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt when the dollar was fixed at DM1.8092 from DM1.8174 on Thursday.

Trading was rather quiet and a featureless ahead of the weekend but dealers were a little nervous because of next week's G7 and IMF meetings. In addation there were rumours that finance ministers were about to adjust their target ranges for the dollar against the yen to Y130-150 and the implied dollar depreciation against the D-Mark left traders nervous.

Whatever the outcome, dealers were unwilling to push the dollar down until next week's meetings are over.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 138.35. August average 147.57. Exchange rate index 222.4 against 210.7 six months ago.

A stronger yen prompted central bank intervention in Tokyo. Speculative dollar sales saw the Bank of Japan buying te US currency around the Y142.90 level. The dollar closed at Y142.75 down from Y143.40 in New York and Y143.80 in Tokyo on Thursday.

Despite the weaker trend most traders expected the dollar to keep close to its recent trading range until the conclusion of next week's G7 and IMF meetings.

£ IN NEW YORK

Sept. 18	Latest	Previous Close
£ Spot	1.6455-1.6475	1.6465-1.6475
1 month	0.30-0.29pm	0.31-0.29pm
3 months	0.93-0.90pm	0.94-0.92pm
12 months	2.78-2.68pm	2.77-2.69pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Sept. 18	Previous
8.30 am	73.2	73.2
9.00 am	73.3	73.2
10.00 am	73.3	73.2
11.00 am	73.3	73.2
Noon	73.3	73.2
1.00 pm	73.3	73.2
2.00 pm	73.3	73.2
3.00 pm	73.3	73.3
4.00 pm	73.3	73.2

POUND SPOT—FORWARD AGAINST THE POUND

Sept 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6495-1.6575	1.6550-1.6560	0.31-0.29 cpm	2.17	0.92-0.87 pm	2.09
Canada	2.1755-2.1790	2.1755-2.1765	0.18-0.10 c pm	0.77	0.37-0.25 pm	0.57
Netherlands	3.36-3.37	3.36-3.37	1½-1¼ c pm	4.46	3⅞-3⅝ pm	4.43
Belgium	61.99-62.24	62.05-62.15	20-15 c pm	3.38	57-47 pm	3.35
Denmark	11.49¼-11.53	11.50-11.51	¼ore pm-⅞ore dis	-0.39	⅛-⅞ dis	-0.17
Ireland	1.1120-1.1160	1.1140-1.1150	0.12-0.06c pm	0.97	0.36-0.19 pm	0.98
W. Germany	2.98½-2.99½	2.98½-2.99½	1½-1¼ pf pm	5.52	4⅜-4⅛ pm	5.69
Portugal	235.26-236.90	235.90-236.87	64-115 c dis	-4.54	264-349 dis	-5.19
Spain	199.74-200.44	199.88-200.17	95-113 c dis	-6.24	234-278 dis	-5.12
Italy	2154.51-2164.50	2155.70-2161.97	5-9 lire dis	-3.89	18-23 dis	-3.80
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	21.03-21.11	21.06-21.11	[illegible]	5.31	[illegible]	5.16
Switzerland	2.47¼-2.48¼	2.47¼-2.48¼	[illegible]	6.05	[illegible]	5.94

Belgian rate is for convertible francs. Financial franc 62.35-62.45. Six-month forward dollar 1.58-1.51 c pm. 12-month 2.53-2.43 pm.

CURRENCY RATES

Sept. 18	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.782164	0.694347
U.S. Dollar	5½	1.29409	1.15019
Can. Dollar	8.75	[illegible]	1.51134
Austrian Sch.	4	16.4789	14.6154
Belgian Franc	7	48.5963	43.1118
Danish Krone	7	9.01528	7.99379
Deutsche Mark	3.0	2.34127	2.07666
Neth. Guilder	3½	2.63477	2.33749
French Franc	9½	7.80401	6.92334
Italian Lira	12	1690.03	1499.27
Japanese Yen	2½	185.249	164.016
Norway Krone	8	8.57723	7.61135
Spanish Peseta	—	156.653	138.942
Swedish Krona	7½	8.23171	7.30943
Swiss Franc	3½	1.93984	1.72010
Greek Drach.	20	178.960	159.048
Irish Punt	—	N/A	0.773650

*CS/SDR rate for Sept. 17: 1.69579

CURRENCY MOVEMENTS

Sept. 18	Bank of England Index	Morgan Guaranty Changes %
Sterling	73.3	-20.2
U.S. Dollar	100.5	-6.1
Canadian Dollar	76.6	-9.7
Austrian Schilling	137.4	+10.0
Belgian Franc	99.8	-4.7
Danish Krone	90.8	+1.1
Deutsche Mark	146.7	+21.9
Swiss Franc	172.7	+22.6
Guilder	134.9	+14.3
French Franc	71.6	-12.9
Lira	47.3	-18.2
Yen	222.4	+46.3

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

OTHER CURRENCIES

Sept. 18	£	$
Argentina	4.0505-4.0695	2.4490-2.4590
Australia	2.2960-2.2935	1.3605-1.3615
Brazil	82.5700-82.9700	49.8860-50.1360
Finland	7.2335-7.245	4.3765-4.3785
Greece	225.25-230.50	137.15-139.30
Hong Kong	12.8170-12.9070	7.8000-7.8010
Iran	117.20*	71.15*
Korea(Sth)	1321.85-1333.80	802.90-809.50
Kuwait	0.46390-0.46470	0.28050-0.28080
Luxembourg	62.05-62.15	37.45-37.55
Malaysia	4.1365-4.1675	2.5170-2.5190
Mexico	2557.10-2568.55	1546.00-1552.00
N. Zealand	2.5825-2.5875	1.5615-1.5630
Saudi Ar.	6.2025-6.2080	3.7500-3.7510
Singapore	3.4435-3.4575	2.0840-2.0860
S. Af. (Cm)	3.3575-3.3735	2.0385-2.0425
S. Af. (Fn)	5.3930-5.5755	3.2785-3.3895
Taiwan	49.45-49.70	30.05-30.15
U.A.E.	6.0745-6.0795	3.6725-3.6735

*Selling rate.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Sept. 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6495-1.6575	1.6550-1.6560	0.31-0.29cpm	2.17	0.92-0.87	2.09
Ireland†	1.4812-1.4875	1.4860-1.4870	[illegible]	[illegible]	[illegible]	[illegible]
Canada	1.3130-1.3150	1.3135-1.3145	[illegible]	[illegible]	[illegible]	[illegible]
Netherlands	2.0300-2.0370	2.0305-2.0315	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	37.44-37.58	37.45-37.55	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	6.94¼-6.97¼	6.94¼-6.95¼	[illegible]	[illegible]	[illegible]	[illegible]
W. Germany	1.8030-1.8110	1.8050-1.8060	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	142¼-142¾	142¼-142¾	[illegible]	[illegible]	[illegible]	[illegible]
Spain	120.72-121.18	120.75-120.85	[illegible]	[illegible]	[illegible]	[illegible]
Italy	1301-1309	1302¼-1303¼	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	6.01¼-6.05¼	6.01¼-6.02¼	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	6.34½-6.37	6.35-6.35½	[illegible]	[illegible]	[illegible]	[illegible]
Japan	142.35-142.95	142.60-142.70	[illegible]	[illegible]	[illegible]	[illegible]
Austria	12.69-12.73½	12.70¼-12.70¾	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland	1.4930-1.5005	1.4965-1.4975	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 37.65-37.75

EURO-CURRENCY INTEREST RATES

Sept. 18	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U.S. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sw. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fr. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B. Fr. (Fin.)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B. Fr. (Con.)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long-term Eurodollars: Two years 9¼-9 per cent; three years 9⅝-9¼ per cent; four years 9⅝-9½ per cent; five years 10-9¾ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Sept. 18	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.656	2.990	236.3	9.963	2.478	3.362	2157.	2.176	62.30
$	0.604	1.	1.806	142.7	6.018	1.497	2.031	1303.	1.314	37.63
DM	0.334	0.554	1.	79.01	3.332	0.829	1.125	721.4	0.728	20.77
YEN	4.233	7.007	12.66	1000.	42.17	10.49	14.23	9130.	9.211	262.9
F Fr.	1.004	1.662	3.001	237.1	10.	2.487	3.375	2165.	2.184	62.33
S Fr.	0.404	0.668	1.207	95.36	4.021	1.	1.357	870.6	0.878	25.07
H Fl.	0.297	0.492	0.889	70.26	2.963	0.737	1.	641.5	0.647	18.47
Lira	0.464	0.768	1.386	109.5	4.619	1.149	1.559	1000.	1.009	28.79
C $	0.460	0.761	1.374	108.6	4.578	1.139	1.545	991.3	1.	28.54
B Fr.	1.610	2.666	4.815	380.4	16.04	3.990	5.415	3473.	3.504	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

MONEY MARKETS

Rates lower on bank lending

INTEREST RATES finished the day slightly lower as the market reluctantly acknowledged the release of respectable bank lending figures. A rise of just £2bn after two previous rises of £4.9bn and £3.9bn was towards the better end of market expectations.

However recent comments by Mr Nigel Lawson, Chancellor of the Exchequer, that last month's rise in base rates had proved to be adequate but necessary tended to dampen any thoughts of an early return to the heady euphoria, championed so vigorously during the early part of this year, for another cut in base rates. Indeed traders were becoming more and more reconciled to a period of stability.

UK clearing bank base lending rate 10 per cent since August 7

Three-month interbank money was quoted at 10$\frac{1}{16}$-9$\frac{15}{16}$ per cent compared with 10$\frac{1}{16}$-10 per cent on Thursday while the six month rate slipped to 10$\frac{5}{16}$-10⅛ per cent from 10$\frac{7}{16}$-10¼ per cent. Weekend interbank money was trading around 10 per cent at the start and moved up to 11 per cent after lunch before easing to 9 per cent. However late demand saw balances bid up to around 10 per cent.

The Bank of England forecast a shortage of around £550m with factors affecting the market including the repayment of late assistance and bills maturing in official hands together with a take up of Treasury bills draining £135m and Exchequer transactions a further £140m. There was also a rise in the note circulation of £280m and banks brought forward balances £10m below target.

The forecast was revised to a shortage of around £600m and the Bank gave assistance in the morning of £60m through outright purchases of £10m of Treasury bills and £50m of eligible bank bills in band 1 at 9⅞ per cent.

Further help was given in the afternoon of £405m, comprising outright purchases of £50m of Treasury bills and £355m of eligible bank bills all in band 1 at 9⅞ per cent. Late help came to £105m, making a total of £570m.

The market's more bullish tone was reflected in the results of the weekly Treasury bill tender where the average rate of discount fell to 9.5034 from 9.7348 per cent. The £200m of bills on offer attracted bids of £1,363m compared with £1,100m for a similar amount the previous week and the minimum accepted bid was £97.60 against £97.57. Bids at that level were met as to about 21 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. Sept.18) 3 months U.S. dollars		6 months U.S. dollars	
bid 9$\frac{3}{16}$	offer 7$\frac{15}{16}$	bid 7$\frac{15}{16}$	offer 8$\frac{1}{16}$

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

September 18	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.60–3.70	3.80-3.95	3.80-3.95	3.85-4.00	4.30-4.45	5.0
Paris	7⅝-7¾	7$\frac{11}{16}$-7$\frac{13}{16}$	7$\frac{13}{16}$-7$\frac{15}{16}$	7$\frac{13}{16}$-7$\frac{15}{16}$	8$\frac{1}{16}$-8$\frac{3}{16}$	7½
Zurich	¾-1¼	3½-3¾	—	3½-3¾	—	—
Amsterdam	5⅜-5½	5⅜-5$\frac{7}{16}$	—	5$\frac{5}{16}$-5$\frac{7}{16}$	—	—
Tokyo	3.34375	3.78125	—	3.78125	—	—
Milan	11¾-12¼	12¼-12¾	—	12-13	—	—
Brussels	7.10	6⅜-6½	—	6½-6⅝	—	—
Dublin	8⅜-8½	9$\frac{1}{16}$-9$\frac{3}{16}$	9⅜-9½	9⅜-9½	9⅞-10	—

LONDON MONEY RATES

Sept. 18	Overnight	7 days notice	Month	Three Months	Six Months	One Year
Interbank	11-9	10-9¾	9$\frac{15}{16}$-9$\frac{13}{16}$	10$\frac{1}{16}$-9$\frac{15}{16}$	10$\frac{5}{16}$-10⅛	10$\frac{9}{16}$-10⅜
Sterling CDs	—	—	9$\frac{15}{16}$-9$\frac{13}{16}$	10-9⅞	10¼-10$\frac{1}{16}$	10½-10⅜
Local Auth'rity Deps.	9½	9½	9⅞	9⅞	10⅛	10⅜
Local Authority Bonds	—	—	9⅞	10⅛	10⅜	10⅝
Discount Mkt Deps.	10-9	9⅞	9⅞	9⅞	—	—
Company Deposits	10-9¾	9⅞	9⅞	10⅛	10$\frac{5}{16}$	10$\frac{9}{16}$
Finance House Deposits	—	—	9⅞	10	10⅛	10$\frac{7}{16}$
Treasury Bills (Buy)	—	—	9$\frac{9}{16}$	9⅝	—	—
Bank Bills (Buy)	—	—	9⅞	9$\frac{13}{16}$	9$\frac{15}{16}$	—
Fine Trade Bills (Buy)	—	—	10½	10$\frac{5}{16}$	10$\frac{5}{16}$	—
Dollar CDs	—	—	7.50-7.45	7.55-7.50	7.95-7.70	8.60-8.55
SDR Linked Deposits	—	—	6$\frac{5}{16}$-6$\frac{3}{16}$	6$\frac{5}{16}$-6$\frac{3}{16}$	6$\frac{11}{16}$-6$\frac{9}{16}$	7$\frac{5}{16}$-7$\frac{3}{16}$
ECU Linked Deposits	—	—	7⅛-7⅛	7⅜-7⅛	7¼-7⅛	7⅝-7½

Treasury Bills (sell); one-month 9⅜ per cent; three-months 9⅜ per cent; Bank Bills (sell): one-month 9¾ per cent; three months 9$\frac{11}{16}$ per cent; Treasury Bills; Average tender rate of discount 9.5034 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day August 28, 1987. Agreed rates for period September 23 to October 25 1987, Scheme I: 11.24 p.c., Schemes II & III: 11.31 p.c. Reference rate for period August 1 to August 28, 1987, Scheme IV: 10.037 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10 per cent from September 1, 1987: Bank Deposit Rates for sums at seven days' notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8 per cent; one-three months 8¾ per cent; three-six months 10 per cent; six-nine months 10¼ per cent; nine-12 months 10⅜ per cent; Under £100,000 8 per cent from September 15. Deposits withdrawn for cash 5 per cent.

Money figures send markets sharply higher

Another surge of potimism followed the late-morning announcement yesterday of the August monetary statistics, and UK securities markets closed showing substantial gains for the third day in a row. The FT Ordinary share index rose 21.2 to 1833.2, while its broader-based counterpart, the FT-SE 100 index, advanced 23.8 more to 2328.3. Government bonds also maintained their upward momentum with longer issues ending 1¾ points up in places.

Because of the confidence generated by highly encouraging pointers on the economy, released over the previous two days, share and bond markets were already moving into higher ground.

The calendar of surprisingly good developments was completed when at 11.30 am yesterday the authorities disclosed that sterling lending by the clearing banks had been contained during the month. The rise of £2bn was well below expectations and compared with the most pessimistic forecasts ranging to £3.5bn.

Broking sources spoke of an immediate scramble for stock with marketmakers leading as they closed outstanding short commitments. Smaller private investors were active too, but the larger battalions appeared to hang back. Some institutional operators of some fund managers letting their weightings down a little. The British Petroleum pathfinder prospectus is due next week.

Amanda Sells, technical analyst at Chase Manhattan, is slightly concerned over a too rapid rise in values leaving the market overbought. She thinks the "footsie" index could meet resistance around the 2300 level and react, perhaps sharply. After rising to 2333 yesterday, the index ended at 2328.3 for a gain on the week of 67.1.

Overseas and renewed domestic demand aggravated a technical situation in the bond market. Goldman Sachs, the US house, was reported to have completed a £500m purchase yesterday but it would neither confirm or deny the deal. Stock shortages became more apparent and the new long bond, Treasury 9 per cent "A," raced up to £55.10, giving a yield of under 9.5 per cent. Marketmakers are worried about the effects on Wednesday's auction if these outstanding positions are not closed.

The shorter end of the market also saw action and the Government broker sold further supplies of the specialist low-coupon issue, Treasury 3 per cent 1992, at 93 before withdrawing.

Tate and Lyle's sale of its stake in S. & W. Berisford for £100m came as no surprise, although the purchaser's identity raised eyebrows. Market sources were previously of the view that Associated British Foods, which already held a 23.7 per cent stake in Bersiford, would be the buyer. Tate's holding, however, has passed to the Pritzker family of Chicago, a development welcomed by Berisford. Associated British Foods now appear unlikely to make an outright bid for the commodity trader which dipped to 353p prior to closing 9 down on balance at 356p, while ABF came back 15 to 345p; Tate and Lyle, a strong market recently, settled 4 cheaper at 894p, still showing a rise of 48 on the week.

P & O, the shipping to property group headed by Sir Jeffrey Sterling, continued in fine form and advanced another 17 for a gain of 39 over the past two trading sessions to 728p.

The recent impetus was sparked by a bullish circular from Richard Sanderson, at Panmure Gordon, who believes that a strong second-half performance—which should include a useful profits contribution from European Ferries—will lift pre-tax profits for the full-year to £253m.

Saatchi & Saatchi, the world's largest advertising agency, were hit by talk that at least two major US investment houses had downgraded their profits forecasts, and also by the latest rebuff to the company's attempts to expand in the financial services field. Saatchi, previously involved in informal talks with Midland Bank, were turned down by merchant bank Hill Samuel after merger discussions lasting a week.

The shares dropped 29 to 590p after a turnover of 1.6m shares. Saatchi were also rumoured to be interested in numerous companies in the financial sector. MAI, the money broker, were talked of as another target and raced up 20 to 704p.

Royal Insurance, the UK's biggest composite insurance group staged another upsurge before closing a net 11 higher at 588p. "Down-under" group Adstream, controlled by John Spalvin, said with its full-year results that it planned to "build on" its recently announced 5.12 per cent stake in Royals. Turnover in Royals was 4m. Adsteam also reiterated its intention of building up its stake in National Australian Bank from the current level of 9.8 per cent to 15 per cent.

Merchant bank Guinness Peat edged up 12½p on a turnover of 21m after brokers acting for Robert Maxwell moved in during early trading and picked up further blocks of shares, taking his stake in the bank up to 9.63 per cent, or 30.35m shares. Maxwell's moves are regarded by dealers as a spoiling tactic after New Zealand group Equiticorp recently upped its bid for Guinness to 115p a share from 110p a share and increased its holding to almost 40 per cent.

In another separate, move Maxwell's Pergamon Holdings announced that it had boosted its stake in merchant bank Henry Ansbacher from just under 5 per cent to 9.17 per cent, or 12.94m shares. Ansbacher moved up 6½ to 108p.

Apart from the Saatchi & Saatchi-generated speculation the financial sector made further rapid progress in its own right. The big-four banks posted strong gains with late rises said to have been instigated by a leading UK house who are said to rate the sector as being due for a good run after underperforming other financial areas over the past few weeks. Substantial continental buying of the clearers was also reported. Midland which recently rejected overtures from Saatchi and where Hanson Trust is sitting on a 6.17 per cent, spurted 10 to 528p. Barclays, recently spoken of as a potential bidder in the insurance sectors, jumped 15 to 598p. Lloyds, where Kleinwort Grieveson were good buyers rose 5 to 345p and NatWest added 3 at 720p.

Hill Samuel, amid talk that an investment house is said to be interested in buying the merchant bank, edged up 2 to 666p, while Morgan Grenfell, regarded as a prime bid target ever since the Guinness affair, slipped back 3½ to 552½p. Kleinwort Benson were 8 higher at 537p; the bank is due to announce interim figures on Monday; brokers say they will show a substantial shortfall on last time's £57.6m—£42m has been mentioned as a likely figure with a sizeable rights issue also a possibility—but traders were reluctant to sell the shares short while the current bid speculation surrounds the sector. Bid rumours again encompassed life assurances where Legal and General—rated a major buy signal by securities house Savory Milln after last week's 25 per cent profits jump—spurted 19 to 368p. In composites, Commercial Union—amid renewed bid speculation—rose 7 to 413p. In brokers Minet raced up 18 to 433p on news of a near $1bn re-insurance contract regarding a gas field in the Gulf.

Leading Buildings were selectively firm. Blue Circle, a subdued market of late, revived with a gain of 13 at 465p, while Rugby, one of several major companies reporting results during the next few weeks, added a penny to 275p. Redland continued to attract buyers in the wake of its Norwegian plasterboard acquisition and rose 10½ to 514p, while BPB Industries, a depressed market recently reflecting US selling on plasterboard competition worries, rallied 5 to 334p. Tarmac attracted support ahead of Monday's half-time and firmed 9 to 314p, while RMC gained 9 to 480p. Costain, in which Trafalgar House now holds a near 5 per cent stake, hardened a couple of pence to 383p, a rise of 37 over the five-day period.

ICI moved up ¼ to £15¾, while Laporte, following favourable comment on the interim results and a broker's recommendation, firmed 5 to 542p.

In common with other consumer-orientated sector, leading high street retailers benefited from the latest domestic economic statistics. Useful rises were established by such recently-subdued counters as Burton, 296p, and Dixons, 384p, while Marks and Spencer, still aided by recent comment, put on another 8 to 247p. Further consideration of the recent interim figures prompted a slightly firmer tone in Woolworth, 5 u at 358p, and Coats Viyella, finally 4 up at 390p. Sears hardened 4 to 173½p as Wood Mackenzie rated the shares as a "short-term buy" ahead of interim results scheduled for early next month. News of a £100m rights issue in convertible bonds lifted Next 6 to 363p. In contrast, Storehouse dipped another 13 to 346p following details of the proposed management reorganisation.

Interest in electricals—at its height early in the week when Hong Kong's Li Ka-Shing revealed a near 5 per cent stake in Cable & Wireless and a Monopolies Commission investigation into British Telecom was mooted—contracted as the week drew to a close. BICC raced up 15½ to 432½p amide speculation that a major acquisition could well be on the cards in the near future; a leading analyst suggested BICC could be interested in acquiring part of Babcock International, recently purchased by FKI. AB Electrical leapt 41 to 455p in the wake of the sharply increased preliminary profits and dividend, the proposed acquisition of Plessey Connectors and Sawansea Industrial Components and the on-for-one rights issue at 350p a share to raise some £13.7m after expenses. BSR, a current buy recommendation from BZW, added 9 at 147p. Telemetrix, on the other hand, dropped 8 to 53p on news of the interim dividend omission and big loss.

Persistent talk of an imminent acquisition—Aamri was mentioned—lifted GKN 12 more to 408p.

Tesco continued to trade actively—volume was again over 4m shares—and the price closed 4 higher at 193p. Kwik Save continued to recover and gained 4 more to 385p. William Morrison responded to good half-year figures and the open offer to shareholders to help finance expansion with a gain of 10 at 316p. Food Manufacturers were dominated by the Tate and Lyle/S. & W. Berisford news, but buyers returned for Ranks Hovis McDougall on takeover hopes and the close was 6 higher at 349p.

Trusthouse Forte made early progress to 262p, but eased back following reports that Scrimegour had trimmed its profit forecast for the company by about £5m and the close was a shade easier on balance at 255½p. Grand Metropolitan continued to trade firmly and closed 10 higher at 578p.

The miscellaneous Industrial sector displayed several noteworthy gains. Beecham and British Aerospace, both boosted by brokers recommendations, gained 10 and 18 respectively to 569p and 503p. Buyers also returned for British Airways, up 11 at 218p and BTR, 6 dearer at 358p. Second thoughts about the interim results saw Fisons rally 6 to 347p, but cautious Press comment clipped 15½ from T & N, (Turner and Newall), at 228p. Wellcome attracted overseas demand late in the session and closed 12 higher at 513p, while London International put on 7 to 351p following details of the acquisition of Hatu-Ico, the Italian condom manufacturer, for £48m. Associated British Ports were 24 higher at 639p on property development prospects, while De La Rue moved up 20 to 511p.

Sale Tilney gained 18 to 371p in reply to excellent half-year figures, while Norcros firmed 8 afresh to 428p after Press comment highlighting a broker's recommendation. Spring Ram, results due on Monday, put on 32 to 538p, while Amari rose 7 more to 225p on takeover speculation.

Buyers adopted a more positive stance in the Property sector and the leaders displayed reasonable gains. Land Securities firmed 5 to 605p, while MEPC, a dull market on Thursday following details of a US fund raising operation, picked up 5 at 565p. British Land continued to benefit from its Gripperrods disposal to CH Industrials and rose 3 to 350p and Hammerson A moved up 12 to 685p as vague takeover rumours revived. Slough Estates were a good market at 298p, up 8, while London and Edinburgh, on suggestions of an imminent deal with Control Securities, firmed 3 more to 202p. Helical Bar attracted persistent buying interest and rose 27 to 322p.

Courtaulds, 5 up at 308p, and Dawson International, 10 better at 331p featured another firm showing by Textiles as investors continued to digest the excellent half-timer from Mr David Alliance's Coats Viyella. Comment on the interim figures served to heighten the recovery prospects of Corah, 3 up at 106p, but recent speculative high-flier Textured Jersey dipped 20 to 233p as the board effectively defused takeover chatter and the chairman denied that his personal holding was up for sale.

British and Commonwealth improved 17 to 514p following the latest acceptances of its offer for Mercantile House and the lapsing of Crown's offer for Mercantile's Marshalls and William Street wholesale broking operations. Antofagasta, on the other hand, dipped sharply to 308p—a decline of 25p—reflecting widespread disappointment with the interim results.

The oil and gas sector made further good progress, helped by a mildly bullish view on crude oil prices held by a leading UK securites house. Enterprise put on 6 more to 432p, following numerous buy circulars during the past two weeks. BP, ahead of the expected publication of the pathfinder prospectus next week, rose 3 to 377p. British Gas rounded off a good week with a further 3 improvement to 179p as the international roadshow, which takes in Toronto, New York, and Tokyo, gets underway.

Buyers continued to hold sway among Overseas Traders. Polly Peck again featured, rising another 16 to 416p, while similar rises were noted for Harrisons and Crosfield, 703, and Inchcape, 855p; the last-mentioned is scheduled to reveal interim results on September 28. Titaghur Jute, again responding to speculative enquiry, partly reflecting asset injection hopes, advanced another 20 to 250p.

Greenwich Resources returned from suspension and ended the day at 423p ex the one-for-one rights issue at 335p; the nil-paid were finally 91p premium. The rights issue was launched to fund Greenwich's proposed purchase for £15m of Australian gold mining group United Goldfields.

FINANCIAL TIMES STOCK INDICES

	Sep. 18	Sep. 17	Sep. 16	Sep. 15	Sep. 14	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	86.65	85.92	85.33	85.45	85.47	84.28	93.32 (8/5)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	91.96	91.72	91.63	91.60	90.89	91.11	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1833.2	1812.0	1790.2	1775.4	1775.4	1269.1	1,926.2 (16/7)	1,320.2 (2/1)	1,926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	499.2	442.7	447.2	445.8	449.5	331.2	497.5 (4/8)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.20	3.24	3.27	3.29	3.30	4.35				
Earnings Yld.%(full)	7.84	7.93	8.01	8.07	8.07	10.02				
P/E Ratio (net) (*)	15.60	15.43	15.27	15.17	15.16	12.24				
SEAQ Bargains (5 pm)	40,276	36,407	31,098	31,573	39,878	—				
Equity Turnover (£m)	—	2414.44	1584.36	1296.23	1376.34	510.99				
Equity Bargains	—	39,485	35,816	40,718	52,149	16,190				
Shares Traded (ml)	—	495.9	520.4	527.6		228.2				

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1820.8	1823.3	1826.7	1831.7	1834.4	1834.0	1838.9	1832.8

Day's High 1839.8. Day's Low 1820.8. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974. * Nil=15.34.

S.E. ACTIVITY

Indices	Sep. 17	Sep. 16
Gilt Edged Bargains	133.4	97.4
Equity Bargains	255.8	232.1
Equity Value	4981.3	3202.4
5-Day Average		
Gilt Edged Bargains	104.8	97.2
Equity Bargains	281.9	281.1
Equity Value	3221.4	2768.7

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
Allied Lyons (*434)	390	50	62	73	2	6	11
	420	27	45	55	8	17	22
	460	6	23	35	30	40	45
Brit. Airways (*215)	190	29	—	—	3	—	—
	200	19	30	38	5	9	16
	220	8	17	26	13	23	25
Brit. & Comm. (*514)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B.P. (*377)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cons. Gold	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Com. Union	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cable & Wire	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
British Gas (*179)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
G.E.C.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Grand Met. (*578)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
I.C.I.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Land Securities (*605)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marks & Spen. (*247)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Britoil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Rolls-Royce	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell Trans.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trafalgar House	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TSB	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Woolworth	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Beecham	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GKN	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jaguar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Barclays	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Midland Bk.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brit. Aero	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BAA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BAT Inds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brit. Telecom	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cadbury Schweppes	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
Guinness (*360)	330	47	65	67	4	6	10
	360	25	40	48	10	15	23
	390	12	25	35	28	35	40
Ladbroke (*460)	420	—	60	72	—	12	18
	443	28	—	—	13	—	—
	460	20	35	47	22	30	37
LASMO	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Plessey	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Prudential	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
P. & O. (*727)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Racal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
R.T.Z.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Vaal Reefs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tr. 11¾% 1991	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tr. 12% 1995	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tr. 11¾% 03/07	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amstrad	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Boots	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BTR	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Blue Circle	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
De Beers	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Glaxo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hanson	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lonrho	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tesco	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trusthouse Forte	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Thorn EMI	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE Index	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

September 18. Total Contracts 54,941. Calls 42,942. Puts 11,999. FT-SE Index Calls 4,480. Puts 3,066. *Underlying security price.

Trader Options

Trader options finished the week on a bright note. Dealers reported increased interest throughout the list with the result that total struck amounted to 54,941 — comprising 42,942 calls and 11,999 puts. Much of the session's activity was centred on the FT-SE 100 index which responded to the money supply and bank lending figures with 4,480 calls and 3,066 puts transacted. Rolls-Royce, an active class both before andafter the recent first-half results, remained to the fore with 3,919 calls done, 1,166 of which were struck in the January 205 series.

Traditional Options

- First dealings Sept 21
- Last dealings Oct 2
- Last declaration Dec 17
- For Settlement Dec 28

For rate indications see end of London Share Service

Stocks favoured for the call included Marler Estates, Polly Peck, Astra Industrial, Cauldon, Greenwich Resources, Dunton, Benlox, Johnson and Firth Brown, Control Securities, Abaco, Peatland, Bula, International City, Westland, Coats Viyella, Siebe, Woolworth, Chancery Securities and F. Cooper. Puts were taken out in Barratt Developments and Hartwell. No doubles were reported.

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (145)

BRITISH FUNDS (1), AMERICANS (1), CANADIANS (1), BANKS (5), BREWERS (2), BUILDINGS (6), CHEMICALS (1), STORES (4), ELECTRICALS (10), ENGINEERING (5), FOODS (3), HOTELS (2), INDUSTRIALS (30), INSURANCE (5), LEISURE (2), MOTORS (4), NEWSPAPERS (3), PAPERS (3), PROPERTY (4), SHOES (1), TEXTILES (5), TRUSTS (34), OVERSEAS TRADERS (1), PLANTATIONS (1), MINES (10), THIRD MARKET (1).

NEW LOWS (9)

LOANS (1), N'wide. Ang 11¾pc 26/10/87, AMERICANS (5), Chemical New York, Gt. Am. First Savings Bank, Home Grp., Rockwell Intl., Sun Co., CANADIANS (1), ABM Gold, INDUSTRIALS (1), Medical Res., MINES (1), Anglo Dominion.

LONDON STOCK EXCHANGE

DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ◆ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

Corporation and County Stocks No of bargains included 5

Greater London Council6¾% Stk 90/92 – £85½

Birmingham Corp2½% Stk 1926(or after) – £21 (14Se87)

Birmingham District Council11½% Red Stk 2012 – £101 (14Se87)

Croydon Corp3½% Stk – £27 (11Se87)

Liverpool Corp3% Red Stk 1942(or after) – £23 (15Se87)

Newcastle-Upon-Tyne(City of)11½% Red Stk 2017 – £101⅛

Salford Corp5½% Red Stk 86/88 – £95½

[illegible]

Schroders PLC8¾% Uns Ln Stk 97/2002 – £84½ (11Se87)

Standard Chartered PLC12¾% Subord Uns Ln Stk 2002/07 – £110◆ ½◆ ¾◆

TSB Group PLCOrd 25p – 142 3 4 4 5 5 6 6 7

Warburg (S.G.) Group PLC7¾% Cum Prf £1 – 100

Breweries and Distilleries
No. of bargains included 823

Allied-Lyons PLC5½% Cum Prf £1 – 51 (15Se87)

7½% Cum Prf £1 – 69 (16Se87)

[illegible]

7% Cnv Uns Ln Stk 2005/06 – £128

Colman(E.Alec)Investments Ld9% 1st Mtg Deb Stk 87/92 – £90◆

8% Uns Ln Stk 91/96 – £80 (15Se87)

Dares Estates PLC10¼% 1st Mtg Deb Stk 2012 – £90 (15Se87)

Estates Property Investment Co PLC7¾% Uns Ln Stk 89/92 – £82 (11Se87)

Great Portland Estates PLC9.5% 1st Mtg Deb Stk 2016 – £87⅝

Green Property Co PLCOrd Ir£0.25 – I£1.7 p 150

Greenhaven Securities Ld6¾% 1st Mtg Deb Stk 83/88 – £96

Greycoat Group PLC12.85% Uns Ln Stk 90/92 – £102½◆

Guildhall Property Co PLC6¾% 1st Mtg Deb Stk 90/95 – £75 (11Se87)

Hammerson Prop Inv&Dev Corp PLCOrd 25p – 680

Land Securities PLC6% 1st Mtg Deb Stk 88/93 – £85⅝ (14Se87)

7¾% 1st Mtg Deb Stk 91/96 – £81¼

9% 1st Mtg Deb Stk 96/2001 – £88

10% 1st Mtg Deb Stk 2025 – £92⅝

8¾% Uns Ln Stk 92/97 – £85¾

Law Land PLC8¾% 1st Mtg Deb Stk 89/94 – £90 (11Se87)

London Shop Property Trust PLC3.85% Cum Prf £1 – 52 (14Se87)

Lynton Property&Reversionary PLC10¾% 1stMtgDebStk2017 (£30Pd–7/1/88) – £23¾◆ ½◆

MEPC PLC5¾% 1st Mtg Deb Stk 84/89 – £89⅝ (11Se87)

9¾% 1st Mtg Deb Stk 97/2002 – £91 2½ (11Se87)

12% 1st Mtg Deb Stk 2017 – £107⅝ (11Se87)

8% Uns Ln Stk 2000/05 – £75

6½% Cnv Uns Ln Stk 95/2000 – £166

Cap 20p – 177 (11Se87)

Marlin International Properties LdOrd 25p (Ex Rights) – 260

Cum Red Cnv Prf £1 – 140

Mucklow(A.& J.)Group PLC7% Cum Prf £1 – 60 (16Se87)

Peachey Property Corp PLC6¾% 1st Mtg Deb Stk 83/88 – £93

9.5% 1st Mtg Deb Stk 2015(Fp/AL–2/10/87) – £85⅝ (15Se87)

Peel Hldgs PLC10% Cum Prf 50p – 65

6.25% (Net) Cnv Cum Non-Vtg Prf £1 – 119

[illegible]

RKF Group PLCOrd 10p – 134

Rivlin PLC5.125% (Net) Cnv Cum Red Prf £1 – 104½ 8

Rockwood Holdings PLCNew Ord 10p (Fp/PAL–5/10/87) – 112 5

Ross Consumer Electronics PLCOrd 10p – 228

Scanro Hldgs PLC7.75% Cnv Cum Red Prf £1 – 190 (11Se87)

Sigmex International PLCOrd 10p – 118 20 2 3 4 5 7

Splash Products PLCOrd 10p – 95 (15Se87)

Yelverton Investments PLC8% Cnv Uns Ln Stk 1997 (Fp/PAL–25/9/87) – £100½◆

The Third Market Appendix
No. of bargains included 164

Chemex International PLCOrd 5p – 97 100

Medirace PLCOrd 10p – 155

Warrants to sub for Ord – 102 (16Se87)

Seacon Holdings PLCOrd 25p – 120 8 30

UPL Group PLCNew Ord 10p (Fp/LA–18/9/87) – 165◆ 72◆

RULES 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland Quotations has not been granted in London and dealings are not recorded in the Official List

Acorn Securities 106 11 13

Airship Inds 29◆ 32◆ 29 30 2

Allflex Holdings 50

American Barrick Resources Corp Com NPV $27¼◆ $36⅛◆ £17.15 £17.25

Ampol Exploration 165 (11/9)

Amsterdam-Rotterdam Bank Fl86.35◆ (15/9)

Aust Foundation Inv 75 (14/9)

Banner Inds $24.95◆

Beverly Enterprises $15◆

Black Hill Minerals 15

CSF (Thomson-CSF) Fr1328◆ 30◆ 1335 39 40 45 50

Centaur Mining Exploration $A2.18◆ (16/9)

Central Norseman Gold $2.12◆ $A2.85

Central Victorian Gold Mines 15½◆ (14/9)

Cherokee Group $19◆ (15/9)

Churchill Resources 70◆

City Developments S$15.12◆ (14/9)

Comex Aust 7◆ $A0.142 0.168 0.179

Cons Exploration 220 (15/9)

[illegible]

10% Red Deb Stk 96/98 – £91¾ 2 (15Se87)

East Worcestershire Waterworks Co – £87 (14Se87)

12¾% Red Deb Stk 94/96 – £106 (15Se87)

Essex Water Co2.45%(Fmly 3½%)Perp Prf Stk – £31

3.5%(Fmly 5%)Prf Stk – £50 (15Se87)

Hartlepools Water Co3.5%(Fmly 5%)Max Ord Stk – £105 (14Se87)

Lee Valley Water Co2.8%(Fmly 4%)Ord Stk – £96.7‡ (11Se87)

3.5%(Fmly 5%)Ord Stk – £90 120.9‡ (11Se87) 105 (14Se87)

2.8%(Fmly 4%)Prf Stk – £36.7‡ (11Se87)

Mid-Southern Water Co3.5%(Fmly 5%)Cons Ord Stk – £87 (14Se87)

10% Red Deb Stk 95/98 – £98 (15Se87)

North Surrey Water Co4.9% B Ord Stk – £167½‡ (11Se87)

3.5% Ord Stk – £119.7‡ (11Se87)

3.5%(Fmly 5%)Ord Stk – £119.7‡ (11Se87)

3.85% Prf Stk – £49

Portsmouth Water Co10¾% Red Deb Stk 1995 – £96⅞ ⅞ 9 (15Se87)

South Staffordshire Waterworks Co – £115‡ 89.4‡ (11Se87)

[illegible]

Do. 5pcPf (£1) 64 5 (14/9)

Greenstar Hotels (10p) 26 8 30 (16/9)

Guernsey Gas Light (£1) 475 (14/9)

Hard Rock Cafe (2p) 175 85 (11/9)

Hugin (10p) 107 12 (16/9)

Jennings Bros 200 5 (14/9)

Jersey Gas Do. 3pcPf (£1) 24

Kunick Leisure (10p) 42 3 5 7 (16/9)

Le Riches Stores 5pcPf (£1) 47

London Wall Hldgs (£1) 267 70 (11/9)

Lyle Shipping (5p) 5 (16/9)

Merrett (10p) 480 (11/9)

Norton Villiers Triumph (1p) 7½ 8½

Red Rose Radio Do. A NV (10p) 125 35 (14/9)

Severn Valley Railway (£1) 60 (11/9)

Seymours 4pcPtPf (£1) 55

Sth Quay Invs (£1) 125 (15/9)

Spencer (Aberdeen) 55 (16/9)

Thwaites (Daniel) (£1) 799½ 800 (14/9)

Wolverhampton Racecourse 295 (15/9)

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Kenmore Res (IR£0.25) 56 8 9

By permission of the Stock Exchange Council

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY SEPTEMBER 17 1987					WEDNESDAY SEPTEMBER 16 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks *per grouping*	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (93)	177.98	+0.4	160.26	161.59	2.33	177.28	159.72	160.83	177.98	99.92	79.21
Austria (16)	98.23	+0.0	88.45	92.64	2.23	98.26	88.53	92.53	101.62	85.53	96.01
Belgium (48)	127.73	−0.4	115.01	119.07	3.98	128.30	115.60	119.60	134.89	96.19	91.86
Canada (129)	134.74	−0.2	121.32	128.34	2.32	134.95	121.59	128.79	141.78	100.00	97.47
Denmark (39)	115.80	+0.4	104.27	110.05	2.59	115.30	103.88	109.46	124.83	98.18	97.00
France (121)	114.55	+0.5	103.15	108.80	2.60	113.96	102.68	108.20	121.82	98.39	93.92
West Germany (92)	102.26	+0.2	92.08	96.54	1.96	102.09	91.98	96.36	104.93	84.00	94.20
Hong Kong (45)	143.28	−0.7	129.02	143.56	2.52	144.28	130.00	144.54	147.36	96.89	76.99
Ireland (14)	142.43	+0.2	128.25	135.69	3.30	142.15	128.08	135.57	145.49	99.50	84.94
Italy (76)	86.25	−0.2	77.66	84.45	2.17	86.38	77.83	84.45	112.11	84.22	101.27
Japan (458)	142.45	+0.1	128.27	129.08	0.53	142.35	128.25	129.88	161.28	100.00	94.67
Malaysia (36)	173.66	−0.6	156.37	168.71	2.18	174.76	157.46	169.70	193.64	98.24	89.79
Mexico (14)	378.59	−0.1	340.90	638.49	0.47	378.84	341.33	638.49	422.59	99.72	57.62
Netherland (37)	124.06	−0.6	111.71	115.66	3.88	124.85	112.49	116.39	131.41	99.65	98.46
New Zealand (24)	138.31	+0.4	124.54	115.09	2.59	137.74	124.10	114.72	138.31	83.93	70.09
Norway (24)	181.57	+1.8	163.50	163.77	1.68	178.30	160.65	160.69	181.57	100.00	106.64
Singapore (27)	166.65	−1.0	150.06	160.59	1.52	168.40	151.73	162.35	174.28	99.29	89.27
South Africa (61)	182.23	−0.1	164.09	132.79	3.15	182.46	164.40	132.96	198.09	100.00	103.55
Spain (43)	165.92	+0.8	149.40	152.50	2.59	164.65	148.35	151.34	165.92	100.00	96.49
Sweden (33)	129.12	−0.9	116.27	121.86	1.90	130.33	117.43	123.00	132.10	90.85	97.49
Switzerland (53)	108.31	−0.4	97.53	101.09	1.65	108.75	97.98	101.50	110.00	92.01	93.57
United Kingdom (333)	155.58	+1.1	140.09	140.09	3.21	153.87	138.64	138.64	162.87	99.65	96.07
USA (586)	128.76	+0.0	115.94	128.76	2.85	128.74	116.00	128.74	137.42	100.00	96.48
Europe (929)	127.58	+0.5	114.88	118.00	2.81	126.90	114.33	117.38	128.35	99.78	95.93
Pacific Basin (683)	143.87	+0.1	129.55	130.69	0.68	143.78	129.55	131.44	158.77	100.00	93.47
Euro−Pacific (1612)	137.42	+0.2	123.73	125.61	1.46	137.09	123.52	125.82	143.65	100.00	94.44
North America (715)	129.07	+0.0	116.22	128.76	2.82	129.07	116.29	128.77	137.55	100.00	96.53
Europe Ex. UK (596)	110.19	+0.0	99.23	104.24	2.45	110.15	99.25	104.17	111.97	98.02	95.87
Pacific Ex. Japan (225)	161.49	+0.0	145.41	150.95	2.36	161.53	145.54	150.94	161.53	99.92	78.33
World Ex. US (1816)	137.96	+0.2	124.22	126.09	1.51	137.66	124.03	126.31	143.38	100.00	94.59
World Ex. UK (2069)	132.27	+0.0	119.11	125.97	1.87	132.23	119.14	126.27	138.82	100.00	95.25
World Ex. So. Af. (2341)	134.04	+0.1	120.69	127.20	2.00	133.85	120.59	127.34	139.47	100.00	95.26
World Ex. Japan (1944)	130.50	+0.2	117.51	126.41	2.80	130.27	117.37	126.19	134.03	100.00	95.61
The World Index (2402)	134.35	+0.1	120.97	127.28	2.01	134.16	120.88	127.42	139.73	100.00	95.31

Base values: Dec 31, 1986 = 100

Latest prices were unavailable for this edition.

Mexican market closed for public holiday September 16.

Latest Italian prices were unavailable for September 17

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS: 37,765

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	10	● Charterhouse Bank	10	Nat Bk. of Kuwait	10
Adam & Company	10	Citibank NA	10	NatWestminster	10
Allied Arab Bk Ltd	10	City Merchants Bank	10	Northern Bank Ltd	10
Allied Dunbar & Co	10	Clydesdale Bank	10	Norwich Gen. Trust	10
Allied Irish Bank	10	Comm. Bk. N. East	10	PK Finans. Intl (UK)	10½
American Exp. Bk	10	Consolidated Cred.	10	Provincial Trust Ltd	11
Amro Bank	10	Co-operative Bank	*10	R. Raphael & Sons	10
Henry Ansbacher	10	Cyprus Popular Bk	10	Roxburghe G'rantee	10½
ANZ Banking Group	10	Duncan Lawrie	10	Royal Bk of Scotland	10
Associates Cap Corp	10	Equatorial TstC'p plc	10	Royal Trust Bank	10
Authority & Co Ltd	10	Exeter Trust Ltd	10½	Smith & Williamson Secs	10
Banco de Bilbao	10	Financial & Gen. Sec.	10	Standard Chartered	10
Bank Hapoalim	10	First Nat. Fin. Corp.	11	TSB	10
Bank Leumi (UK)	10	First Nat. Sec. Ltd	11	UDT Mortgage Exp.	§11.2
Bank Credit & Comm	10	● Robert Fleming & Co	10	United Bk of Kuwait	10
Bank of Cyprus	10	Robert Fraser & Ptrs	11	United Mizrahi Bank	10
Bank of Ireland	10	Girobank	10	Unity Trust PLC	10
Bank of India	10	Grindlays Bank	10	Western Trust	10
Bank of Scotland	10	● Guinness Mahon	10	Westpac Bank Corp.	10
Banque Belge Ltd	10	HFC Trust & Savings	10	Whiteaway Laidlaw	10½
Barclays Bank	10	● Hambros Bank	10	Yorkshire Bank	10
Benchmark Tst Ltd	10	Heritable & Gen. Tst	10		
Beneficial Trust Ltd	11	● Hill Samuel	§10		
Berliner Bank AG	10	C. Hoare & Co	10		
Brit Bk of Mid East	10	Hongkong & Shangh	10		
● Brown Shipley	10	Lloyds Bank	10		
Business Mtge Tst	10	Meghraj & Sons Ltd	10		
CL Bank Nederland	10	Midland Bank	10		
Canada Permanent	10	● Morgan Grenfell	10		
Cayzer Ltd	10	Mount Credit Corp. Ltd	10		

● Members of the Accepting Houses Committee. * 7-day deposits 5%. Sureinvest 7.66%. Top Tier—£2,500+ at 3 months' notice 9.31%. At call when £10,000+ remains deposited. ¶ Mortgage base rate. § Demand deposit 4.98%. Mortgage 10.5%.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	4,700	204	−1	Ladbroke	1,100	460	+6
Allied Lyons	4,800	434	+5	Land Securities	2,000	605	+5
Amstrad	1,800	177	—	Legal & Gen.	5,300	368	+19
Argyll Group	2,600	222	+7	Lloyds Bank	1,400	345	+5
Assoc. Brit. Foods	829	349	−15	Lonrho	2,500	303	+2
BAT	7,000	686	+17	Lucas	1,200	769	+4
BET	573	270	+2	MEPC	1,200	565	+5
BICC	1,900	432½	+15½	Marks & Spencer	9,000	247	+8
BOC	623	546	—	Midland Bank	3,600	528	+10
BPB Inds	2,100	334	+5	Natwest Bank	1,900	720	+3
BPCC	419	364	+2	Next	1,600	363	+6
BTR	4,700	358	+6	Pearson	283	791	−1
Barclays	2,400	598	+15	P & O	1,900	728	+17
Bass	653	£10⅝	+⅛	Pilkington Bros	6,300	302	+11
Beecham	4,200	569	+10	Plessey	6,400	200	−½
Blue Circle	2,800	465	+13	Prudential	1,100	£10⅞	+⅛
Boots	7,400	321	+3	Racal	2,000	304	+1
Brit. Airways	11,000	216	+11	Rank Org.	526	701	+2
Brit. Aero	2,400	503	+18	RHM	1,300	349	+6
Brit. & Comm.	2,500	514	+17	Reckitt & Col	1,000	£10⅝	−⅛
British Gas	10,000	179	+3	Redland	1,700	514	+10½
Britoil	3,400	323	+2	Reed Intl.	725	540	+6
BP	9,800	377	+3	Reuters	2,100	907	—
Brit. Telecom	5,000	262	+2	RMC	430	480	+9
Burmah	574	227	—	RTZ	1,200	£13⅝	−⅛
Burton	4,000	296	+4	Rolls-Royce	10,000	205	+3½
Cable & Wire	2,800	447	+4	Rowntree	150	548	+3
Cadbury Schwps	2,900	282	+6	Ryl Bank Scotland	892	391	+1
Coats Viyella	1,300	390	+4	Royal Insurance	3,600	586	+11
Comm. Union	7,400	411	+5	STC	4,000	308	+6
Cons. Gold	614	£14⅝	—	Saatchi & Saatchi	1,600	590	−29
Cookson	312	806	+7	Sainsbury	7,700	280	+2
Courtaulds	1,500	508	+5	Scott & Newcastle	1,500	256	+4
Dee Corpn	6,400	208	—	Sears	6,700	173½	+4
Dixons Group	3,125	384	+6	Sedgwick	572	294	−3
English China Clays	626	531	+2	Shell Trans	1,500	£13⅛	−⅛
Fisons	4,100	347	+6	Smith & Nephew	2,800	192½	+3½
Gen. Accident	577	£11⅞	+⅛	Standard Chart.	440	825	+2
Gen. Elect	3,800	216	+2	Storehouse	9,600	346	−13
Glaxo	1,600	£17⅞	+⅛	Sun Alliance	224	£11½	+⅛
Globe Investment	1,400	186½	+3	TSB	2,900	143	−½
Granada	408	355	+5	Tarmac	5,000	334	+9
Grand Met	2,000	578	+10	Tesco	4,900	193	+4
GUS "A"	570	£14	+⅛	Thorn EMI	2,400	674	+2
Guardian R.E.	617	£10⅞	+⅛	Trafalgar House	3,700	387	+3
GKN	2,800	408	+12	T'house Forte	7,300	255½	−½
Guinness	1,100	369	+2	Ultramar	498	278	+1
Hammerson	421	685	+12	Unigate	1,800	393	+3
Hanson Trust	3,600	183½	−2	Unilever	1,900	640	+1
Hawker Sidd.	708	590	+14	United Biscuits	1,100	322	+2
Hillsdown Hldgs	3,300	327	+3	Wellcome	4,000	513	+12
ICI	2,300	£15⅝	+⅛	Whitbread "A"	1,000	338	−1
Jaguar	564	561	+1	Woolworth	1,500	358	+5

LEADERS AND LAGGARDS

Percentage changes since December 31 1986 based on Thursday September 17 1987

Mining Finance	+105.05	Electricals	+40.69
Publishing and Printing	+71.65	Consumer Group	+40.64
Property	+63.22	Capital Goods	+39.98
Metals and Metal Forming	+61.12	Industrial Group	+39.55
Textiles	+59.53	Other Groups	+38.10
Overseas Traders	+58.61	Food Manufacturing	+38.07
Health and H'sehold Products	+57.81	*Financial Group*	+37.51
Agencies	+54.36	Building Materials	+37.38
Contracting, Construction	+52.71	Packaging and Paper	+36.55
Gold Mines Index	+48.46	Investment Trusts	+34.29
Oils and Gas	+48.36	Insurance (Life)	+34.00
Shipping and Transport	+47.19	Electronics	+32.35
Insurance (Composite)	+46.69	Mechanical Engineering	+31.65
Motors	+45.67	Stores	+31.02
Chemicals	+45.16	Food Retailing	+30.54
Other Industrial Materials	+43.26	*Conglomerates*	+30.12
Merchant Banks	+42.72	Brewers and Distillers	+28.84
Leisure	+42.30	*Telephone Networks*	+23.29
All-Share Index	+40.86	Banks	+19.79
500 Share Index	+40.80	Insurance Brokers	+ 8.57

RISES AND FALLS

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	110	0	2	290	199	71
Corporations, Dom. and Foreign Bonds	23	3	28	68	34	168
Industrials	662	274	650	2,787	1,738	3,406
Financial and Props.	257	83	274	1,097	499	1,477
Oils	29	27	98	153	151	266
Plantations	3	2	9	11	13	46
Mines	53	54	83	253	246	451
Others	64	101	60	436	414	272
Totals	1,201	544	1,164	5,095	3,294	6,157

BANK RETURN

BANKING DEPARTMENT	Wednesday September 16, 1987	Increase (+) or decrease (−) for week
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	95,679,406	+ 3,405,154
Bankers Deposits	976,991,418	− 48,630,988
Reserve and other Accounts	2,107,660,790	+ 130,315,862
	3,194,884,614	+ 85,090,028
ASSETS		
Government Securities	912,256,049	− 570,345,000
Advance and other Accounts	934,054,701	+ 128,180,192
Premises Equipment & other Secs.	1,337,116,687	+ 520,215,369
Notes	11,196,001	+ 7,061,670
Coin	261,176	− 22,203
	3,194,884,614	+ 85,090,028

ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes in Circulation	13,188,803,999	− 77,061,670
Notes in Banking Department	11,196,001	+ 7,061,670
	13,200,000,000	− 70,000,000
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	8,586,185,065	+ 321,384,157
Other Securities	4,602,799,835	− 391,384,157
	13,200,000,000	− 70,000,000

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers Ltd (c)
33 King William St, EC4R 9AS 01-280 2860

American Growth	111.1	117.5	-0.5	0.96
(Accum Units)	114.3	121.0	-0.5	0.96
American Income	[illegible]	[illegible]	[illegible]	[illegible]
(Accum Units)	[illegible]	[illegible]	[illegible]	[illegible]
American Sm Cos Fd	[illegible]	[illegible]	-0.4	0.48
(Accum Units)	[illegible]	[illegible]	-0.4	0.48
British Blue Chip Fund	[illegible]	[illegible]	+0.1	2.35
(Accum Units)	[illegible]	[illegible]	[illegible]	2.35
European Growth	161.3	[illegible]	[illegible]	0.35
(Accum Units)	[illegible]	[illegible]	[illegible]	0.35
UK Smaller Co's Fund	56.7	[illegible]	+0.1	1.67
(Accum Units)	57.2	60.5	+0.1	1.67

Merlin Fund Mngmt Ltd
30 St James St, London SW1A 1HB 01-925 1277

Merlin Sept 8	629.5	637.5	—	1.07

Metropolitan Unit Trust Mngrs Ltd
3 Darkes Lane, Potters Bar EN6 1AJ. 0707 45184

Midland Bank Group UT Mngrs. Ltd
Courtwood House, Silver St, Head, Sheffield S1 3RD
Tel: 0742 769842

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA. 01-588 9965

PM Equity Growth	123.5	131.4	+1.0	0.98
PM Income and Growth	104.9	[illegible]	+0.8	2.95
PM N American Growth	57.3	60.9	-0.3	0.34
PM European Growth	53.1	56.4	+0.3	0.55
PM Japan Growth	70.1	74.5	-0.3	0.36
PM Overseas Growth	56.4	60.0	-0.1	0.43

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-59 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent 0892 510033

Rensburg Fund Managers
Silkhouse Ct., Tithebarn St., Liverpool. 051-227 2030

N.M. Rothschild Fund Mgmt
St Swithin's Lane, London EC4 01-634 2981/4

[illegible]

INSURANCES

[illegible]

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance—Contd.

Gilt-Edged Init.	225.2			
Do Accum	277.3			—
Guaranteed Init.	199.0			—
Do Accum	195.8			—
International Init	512.3			—
Do Accum	630.4			—
Index Lk Gilt Init	135.3			—
Do Accum	166.5			—

Merchant Investors Assurance
Leon House, 233 High St, Croydon 01-686 9171

Property	320.1	+0.1	—
Property Pens	490.2	+0.4	—
Equity	199.7	+1.9	—
Equity Pens	908.1	+9.0	—
Money Market	297.7	+3.1	—
Money Mkt. Pens.	536.1	+5.5	—
Deposit	239.2	+0.1	—
Deposit Pens	382.8	+0.2	—
Managed	300.2	+1.7	—
Managed Pens	581.9	+4.8	—
Intl. Equity	357.6	+0.2	—
Do. Pens	582.8	+0.6	—
Intl. Managed	327.7	+0.5	—
Do Pens	490.2	+1.2	—
North American	133.0	-0.1	—
Do. Pens	152.9	-0.1	—
Far East	296.6	-2.1	—
Do. Pens	438.3	-4.4	—
Intnl Currency	168.3	-0.2	—
Do. Pens	216.7	-0.3	—
Index Linked	129.3	+0.8	—
S & C Managed Fd	140.0	+0.3	—
S & C Pens Mngd Fd	114.2	+0.3	—
Bell Chambers	130.0	+0.0	—
Loran & Loran	128.4	+0.1	—
TrustBank Life Funds			
Per Worldwide Rec	171.7	-0.5	—
Per Far East Growth	224.2	-0.5	—
Per Intl Growth	164.7	-0.7	—
Per Income	177.5	+1.0	—
Per Emerging Co's	165.9	-0.2	—
Per American Growth	147.7	-0.5	—
Per European Growth	137.5	+0.0	—

Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 2JS 0603 683986

NUAM Funds				
Managed Fund	57.8	60.9	+0.2	—
Stock Market Mngd Fund	59.6	62.8	+0.2	—
Equity Fund	64.8	68.3	+0.4	—
International Fund	55.4	58.4	-0.1	—
European Fund	59.8	63.0		—
North American Fund	50.5	53.2	-0.2	—
Pacific Fund	64.2	67.6	+0.1	—
Property Fund	52.2	55.0		—
Fixed Interest Funds	48.8	51.4	+0.7	—
Index Linked Sec Fund	45.6	48.1	+0.1	—
Deposit Fund	51.4	54.2	+0.2	—
NUAM Retirement Plans				
Mixed Fund	61.9	65.2	+0.3	—
UK Ordinary Share	74.4	78.4	+0.5	—
International Fund	57.1	60.2	-0.1	—
Property Fund	52.2	55.0		—
Fixed Interest Fund	50.1	52.8	+0.6	—
Index Linked Sec Fund	46.1	48.6	+0.2	—
Deposit Fund	53.4	56.3		—
NUAM (NF)				
Managed Fund	795.1	837.0	+3.6	—
Equity Fund	1733.7	1825.0	+13.0	—
Property Fund	324.9	342.0	+0.3	—
Fixed Interest Fund	359.7	378.7	+5.2	—
Deposit Fund	210.2	221.3	+1.0	—
International Fund	143.8	151.4	-0.2	—
Index Linked Sec Fund	45.7	48.2	+0.2	—

Norwich Union Life Insurance Soc.
PO Box 4, Norwich NR1 3NG 0603 622200

Pensionmaster* & Unit-Linked Plan*				
Fixed Interest Fund	248.0	261.0	—	—
Index-Linked Sec Fund	129.7	136.5	—	—
Ordinary Share Fund	534.3	562.4	—	—
International Fund	148.1	155.9	—	—
Property Fund	162.8	171.3	—	—
Deposit Fund	167.4	176.2	—	—
Mixed Fund	343.0	361.0	—	—
Norwich Units Sep 15		1018.4	—	

*Prices as at June 30.

The Porchester Group
91 Wimpole Street, London W1M 7DA 01-493 9090

Porchester Managed Funds				
Albany (z)	133.6	140.6	+0.1	—
Cornhill (z)	114.0	120.5	—	—
Irish Life (z)	128.8	135.6	-0.8	—
Royal Heritage (z)	120.0	126.4	+1.4	—
Schroder (z)	109.7	115.4	+0.2	—
Scandia (z)	132.5	139.4	-0.4	—
Target (z)	138.3	145.6	+0.4	—
Trident (z)	132.3	139.30	—	—
Porchester Managed Pension Funds				
Albany (z)	151.3	159.3	+0.1	—
Schroder (z)	108.6	114.3	+0.2	—
Scandia (z)	142.1	149.5	—	—
Target (z)	134.5	141.6	+0.6	—

Managed by Porchester Securities Limited

Roxborough Financial Services Plc
5-11 Fetter Lane, London, EC4A 1PN. 01-353 4040

Managed Fd (RM)		117.2	+0.9	—
Pension Managed (MT)		106.5	+0.4	—
Multi-Trust Fund (SK)	106.5	112.1	+0.2	—
Fortress Pen Fnd (ALB)	95.0	100.0	—	

Sharp (Albert E.) & Co
12 Newhall Street, Birmingham B3 3ER 021-236 5801

Non-Clerical Med.	157.8	166.2	—	—
Pens. Non-Schroder	664.8	699.7	+1.7	—

Towry Law & Co
57 High St, Windsor, SL4 1LX 0753 868244

Albany Life	114.2	120.1	—	—
Clerical & Medical (z)	126.5	133.2	+0.6	—

Bermuda Intl Investmt Mgmnt Ltd
Bank of Bermuda Buildings, Bermuda 809-295-4000

Bda Intl Bond (Cap)	$24.91	24.84	—	—
Bda Intl Bond (Inc)	$11.32	11.49	—	—
Bda Intl Commodity	$10.98	11.10	—	—
Bda Intl Crncy (Mgd)	$14.79	14.90	—	—
Bda Intl Equity (Cap)	$27.04	27.79	—	—
Bda Intl Equity (Inc)	$15.55	15.87	—	—
Cdn $ Inv Bond A	C$13.61	13.75	—	—
Canadian $ Inv Bd B	C$15.42	15.58	—	—
Fxedfund	$8.57	8.70	—	—
Jap Ovsr Spcl Sits	$23.59	23.86	—	—

Bishopsgate Commodity Ser. Ltd
PO Box 42, Douglas, IoM 0624 23911

ARMAC Sept 7	89.33	94.98	—	—
COUNT Aug 3	5.256	5.579	—	—

Original issue *$10 and **£1. Next value October 5.

Brazil Capital Services Ltd
20 Copthall Avenue, London, EC2R 7PA. 01-588 6064

The Brazil Fd		$1.61	—	—

Bridge Management Guernsey Ltd(a)(c)(h)
PO Box 311, St Peter Port, Guernsey, CI 0481 710711

Vickers da C Bond Acc	1.585	1.609	—	—
Vickers da C Bond Inc	1.502	1.522	—	—
Worldinvest Cap Id Acc	1.896	1.924	—	—

Bridge Management Ltd
GPO Box 590, Hong Kong

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

BRITISH FUNDS—Contd

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for January 1987: 100.0 and for August 1987: 102.1 (rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1987 High	1987 Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
53	42	Greek 7pc Ass.	53	.....	3.50	f6.60
52	40	Do. 6pc 28 Stb. Ass.	52xd	.....	3	f5.77
50	45	Do 4pc Mixed Ass.	50	.....	2	f4.23
66	58	Hung. '24 Ass.	65½	+1½	2.75	f4.20
146½	122¾	Hydro Quebec 15pc 2011	132¾	+1⅛	15.00	11.09
136½	115½	Iceland 14½pc Ln 2016	124¾xd	+1⅝	14.50	11.54
103½	94	Ireland 9¾pc '91-96	95¾xd	+¼	9.75	11.60

AMERICANS

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
30¾	22⅞	Sara Lee $1	27xd	+⅛	$1.00	—	2.3
11⅞	8⅞	Saul (B. F.) $1	12¼xd	....	22c	—	1.1
26¼	19⅞	Southwestern Bell $1	23⅞	....	b$2.32	—	6.0
19	14¼	Staley Continental	18⅛	–⅛	80c	—	2.7
44⅞	34⅞	Sun Co. Inc. $1	34⅝	–⅛	$3.00	—	5.3
42¼	28¼	TRW Inc. $0.625	38¼	–⅞	s$1.60	—	—
34⅞	25⅞	Tenneco $5	32⅝	+⅝	$3.04	—	5.7
202½	149½	Do. 10pcLn.Stk. 91-5	202½xd	....	10%	—	5.0
29⅝	17⅞	Texaco $6.25	24⅞xd	–¼	$3.00	—	7.6
74⅞	47⅛	Time Inc. $1	63⅞xd	–⅜	$1.00	—	1.0
19⅞	11	Tracor $0.33	19¼xd	–⅛	40c	—	1.3
30⅛	18⅞	Transamerica $1	25⅞	....	$1.76	—	4.2
14⅛	922p	Transworld Corp $5	12⅞	–⅛	20c	—	1.0
24⅛	14⅞	TRINOVA Corp.	23	+⅛	b$1.00	—	2.7
24⅞	15⅛	♥USX $1	21⅞	+⅞	$1.20	—	3.4
19⅝	15⅞	Union Carbide $1	16⅛	–⅛	$1.50	—	5.5
37⅞	26⅞	Utd. Technologies	32⅞xd	–⅛	$1.40	—	2.6
38⅛	27	US West‡	33	–⅛	$3.28	—	6.1
30½	17⅛	Waste Management $1	27	....	—	—	—
£31⅛	£20½	Whirlpool $1.0	£22⅞	–⅛	—	—	—
37⅛	26	♥Woolworth $3½	30⅞	+⅛	$1.32	—	2.6

CANADIANS

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
691p	362p	ABM Gold Corp ‡	362p	–2	—	—	—
21⅛	10p	♥Abbot Energy Corp.	20¼p	....	—	—	—
17⅛	506p	♥Amer. Barrick Res.	17⅛xc	+⅛	—	—	—
122p	52p	♥Ampeno	80p	–1	—	—	—
19⅛	14⅝	Bk. Montreal ‡‡	14⅝	–⅛	$2.00	—	6.3
13⅛	745p	Bk. Nova Scot.‡	765p	–15	72c	—	4.3
20⅝	17⅛	BCE ‡	17⅛	–⅛	$2.40	—	6.2
10⅞	712p	♥Bow Valley‡	834p	–10	40c	—	—
20	12⅝	♥Brascan‡	17⅞	–⅛	80c	—	2.3
609p	277p	♥Breakwater Res.	403p	–1	—	—	—
11⅛	958p	Can Imp. Bk. $2	983pxd	–17	$1.08	—	5.1

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES—Continued

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Yld Gr's	P/E
412	305	PWS Holdings 10p	374	.....	†9.25	2.9	3.4	14.0
446	316	Pearl Group 5p	446xd	+7	†10.5	—	3.2	—
£13½	804	Prudential	£10⅜	+¼	†29.0	—	3.9	—
580	433	Refuge 5p	560xd	+3	15.75	—	3.8	—
591	423	Royal	586	+11	†015.5	—	3.7	—
308	93	Sabre Ins. Invs.	303	+3	—	—	—	—
346	274	Sedgwick Group 10p	279xd	–3	12.0	1.7	5.6	12.6
309	207	Steel Burrill J.10p	238xd	–2	†9.0	2.0	5.2	13.3
668	403	Stewart Wr. 20p	548	.....	†13.0	2.0	3.2	19.5
612	377	Sturge Hldgs 20p	528	+8	†6.0	2.5	1.6	34.6
£11¼	645	Sun Alliance	£11½	+⅛	123.5	—	2.8	—
£12⅞	929	Sun Life 5p	£12⅞	+⅛	128.5	—	3.2	—
£69½	£39	‡Taisho M £DR	£46⅝	+1½	q2107½	—	0.9	—
£22⅞	£14⅜	Torchmark $1.00	£16⅞	–⅛	Q$1.00	—	3.3	—
380	235	Trade Indemnity	380		14.3	—	2.6	—
£34	£24⅜	Travelers $1.25	£26⅛	–⅛	$2.28	—	5.3	—
£30¼	£22⅞	USF & G Corp $2.50	£25¾	–⅛	Q$2.48	—	6.0	—
£33⅞	£20⅞	USLIFE Corp. $1.9	£23⅞	.....	Q$1.20	3.2	3.1	5.2
728	556	‡Utd Friendly B 10p	725	.....	21.0	—	4.0	—
464	356	Willis Faber 12½p	364	–4	†10.75	2.4	4.1	13.7
128	41	Windsor Secs. 10p	118	.....	†0.7	1.5	0.8	—

LEISURE

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Yld Gr's	P/E
35½	17½	‡A & M Group 10p	25½	+½	—	—	—	♦
242	181	Airtours 10p	190	.....	85.4	2.5	4.0	13.8
549	302	Anglia TV	491	.....	†021.25	3.3	9.1	13.6
194	108	‡Aspinall Hldgs. 10p	176	–2	†6.0	1.2	4.7	24.1
141	63	‡Avesco 1p	120	–1	0.5	6.7	0.6	31.1
65	40	‡BSCE Hldgs 5p	50½	.....	Lt0.0	♦	2.7	♦
290	152	Barr & W.A.T. 'A'	285xd	+5	18.8	1.4	9.8	23.2
58	19	Bond Media	47	.....	—	—	—	—
285	165	Boosey & Hawkes	230	.....	—	—	—	—
83	45	‡Border T.V.	64xd	+4	1.4	♦	3.0	♦
439	43½	Brent Walker 10p	366	+2	g8.5	2.2	3.7	17.7
292	110	Campari Int. 20p	264xd	.....	†3.0	5.1	1.5	13.6
306	211	Castle Comms. 5p	275	+2	g7.0	2.2	3.6	17.4
211	127	Capital Radio 10p	190	.....	‡15.0	1.8	3.6	20.6
[illegible]								

MOTORS

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING—Continued

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Cont.

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

FINANCE, LAND—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Continued

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

[illegible] ... estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	98	.....
Craig & Rose £1	715	.....
Finlay Pkg. 5p	110	–1
Holt (Jos) 25p	£10⅛	.....
Iell Sm. £1	220	–8

IRISH

Fund 13¼% 1988	£100⅛	.....
Nat. 9¾% 84/89	£97⅛	.....
Fin. 13% 97/02	£105⅜	+⅛
Arnotts	300	+5
CPI Hldgs	85xd	.....
Carrol Inds.	108	–2
Dublin Gas	40¼	.....
Hall (R. & H.)	139xd	–1
Heiton Hldgs.	62	–3
Irish Ropes	210	+3
Unidare	420	–5

TRADITIONAL OPTIONS

3-month call rates

	p
Industrials	
Allied-Lyons	40
Amstrad	19
BAT	62
BOC Grp.	50
BSR	17
BTR	36
Babcock	32
Barclays	52
Beecham	52
Blue Circle	50
Boots	30
Bowaters	58
Brit Aerospace	50
Brit. Telecom	28
Burton Ord	32
Cadburys	25
Charter Cons.	45
Comm Union	34
Courtaulds	45
FNFC	32
Gen Accident	95
GEC	22
Glaxo	208
Grand Met.	50
GUS 'A'	125
Guardian	95
GKN	38
Hanson Tst.	17
Hawker Sidd	58
ICI	125
Jaguar	52
Ladbroke	45
Legal & Gen	32
Lex Service	45
Lloyds Bank	35
Lucas Inds.	75
Marks & Spencer	22
Midland Bk	45
Morgan Grenfell	55
NEI	13
Nat West Bk	65
P & O Dfd	65
Plessey	20
Polly Peck	34
Racal Elect	32
RHM	35
Rank Org Ord	70
Reed Intnl	50
STC	30
Sears	16
TI	37
TSB	12
Tesco	18
Thorn EMI	65
Trust Houses	25
Turner Newall	26
Unilever	62
Vickers	20
Wellcome	42
Property	
Brit Land	30
Land Securities	50
MEPC	48
Peachey	40
Oils	
Brit Petroleum	32
Britoil	30
Burmah Oil	52
Charterhall	10
Premier	11
Shell	125
Tricentrol	11
Ultramar	26
Mines	
Cons Gold	125
Lonrho	20
Rio T Zinc	100

A selection of Options traded is given on the London Stock Exchange Report Page.

FINANCIAL TIMES

Saturday September 19 1987

Steel urges market approach for new party

BY PETER RIDDELL, POLITICAL EDITOR, IN HARROGATE

THE UNITED party of Liberals and Social Democrats must stand for "a combination of competition and consumerism," Mr David Steel, the Liberal leader, urged yesterday.

In his final speech at the *Liberal Assembly at Harrogate, he* sought to turn party and public attention away from the internal debate over merger towards the setting of a "new agenda to move on from Thatcherism." He stressed a market approach, *challenging both public and* private sector monopolies and offering a Liberal version of individualism.

Negotiations between the parties will start next month following the election last night of *most of the Liberals' negotiating* team, reflecting a wide range of rank and file and leadership opinion.

The assembly ended last night after a generally harmonious and united week, aware that it had been probably the last annual conference of the party after 110 years of such meetings. *This was marked by the singing* of The Land, a song written after Lloyd George's people's budget to the tune of Marching through Georgia.

In his speech Mr Steel said any question of the leadership *of the new party should be left* until next spring when it is to be formed. Most leading Liberals and Social Democrats believe he will become the first leader, although some in his own party feel this is only because of the absence of a suitable short-term alternative.

Mr Steel's speech, with a carefully-worded section on defence and disarmament, was aimed as much at Social Democrats as at Liberals to maximise support for the new party.

Some of his Liberal critics felt Mr Steel's delivery had been lacklustre and flat, devoid of the vision necessary for a new party. They also suggested *that his emphasis on the market* was very similar to that of Dr David Owen, the former SDP leader.

Mr Steel sought to take the economic programme of the two parties on to new ground in offering a view of the market based on competition and consumerism. His advisers believe *this can be a distinctive* approach in relation to both the Tories and Labour.

He rejected privatisation which replaced a public monopoly by a private monopoly, such as British Telecom. The party would oppose creation "of a monopolistic private airline or a private electricity monolith. We shall not tolerate mega-mergers (in the private sector) which are against the public interest."

In the public sector, "the complacent lack of internal competition" would not be tolerated.

He also challenged restrictive practices whether in the trades unions or in the professions.

On defence, Mr Steel was careful to meet the concern of both his own party with disarmament and the SDP with a strong defence.

He rejected what he termed a Gaullist doctrine of an absolute commitment to nuclear weapons and said Britain should use positively the leverage of its independent nuclear capability "by putting it on the table to promote the next and more comprehensive stage of the disarmament process.

"We should continue to support a British contribution to Nato deterrence, but we cannot and will not tolerate any attempt by this Conservative Government to make its commitment to an independent strategic deterrent a barrier against further reductions in the level of armaments on both sides."

This formula is likely to satisfy most pro-merger Social Democrats even if not all of them are Dr Owen's allies.

Conference report, Page 5

Sprinkel to quit as head of economic council

By Lionel Barber in Washington

DR BERYL Sprinkel, the Chicago school monetarist and free market theorist, is to resign as *chairman of President Ronald* Reagan's Council of Economic Advisers at the end of November.

Dr Sprinkel yesterday cited *personal reasons* in his resignation letter, but US officials noted *that he had sought the post of* chairman of the Federal Reserve, the US central bank, that went earlier this year to Mr Alan Greenspan.

The departure of Dr Sprinkel follows the resignation earlier *this week of Mrs Elizabeth Dole*, Transportation Secretary, and is the latest in an exodus of high level officials *from an administration* entering its final year.

His successor has yet to be named, but it will be difficult to find a high calibre outsider willing to serve less than 12 months.

Dr Sprinkel, 63, a *native Missourian*, entered the Reagan Administration in 1981 when he served as a US Treasury Undersecretary for Monetary Affairs. He quickly won a reputation for his blunt, outspoken manner - a trait quickly erased when he took over as chairman of the three-member Council of Economic Advisers.

Dr Martin Feldstein, his predecessor, had infuriated the White House and the then US Treasury Secretary Mr Donald Regan by his public exhortations to cut the bulging US budget deficit.

He resigned in July 1984 and President Reagan toyed with abolishing the council, but when he became White House chief of staff in early 1985 Mr Regan appointed his loyal *Treasury trouper to the job*, on the condition that he kept his views to himself and to the President.

Dr Sprinkel kept his word. His public persona was one of the chief economic cheer leader for the administration, *producing a succession of what some* considered overly optimistic forecasts on the US economy.

In private, his contribution may have been more to restore confidence and morale in the council. He might also have been hoping his service would be rewarded this year with the top job at the Federal Reserve, held by Mr Paul Volcker.

Dr Sprinkel's chances evaporated when Mr Regan was forced to resign last February over the Iran arms scandal. Dr Sprinkel is expected to return to the private sector. He was a senior economist at Harris Bank and Trust in Chicago before his public career.

Tate & Lyle sells 75% of Berisford stake for £100m

BY CLAY HARRIS

TATE & LYLE, the British cane sugar refiner, has sold the lar*ger part of its 14.9 per cent stake* in S&W Berisford, the commodities group which owns beet-based rival British Sugar, to the Chicago-based Pritzker family.

The Pritzkers, who control the Hyatt hotel group, Braniff, the *US airline* and Marmon, an industrial holding company, are buying 75 per cent of the Tate holding, with the remainder going to Berisford directors.

The £100m deal marks the end of Tate's ambition to gain a monopoly over the UK sugar refining industry. It also raises a formidable barrier against any takeover plans by Associated British Foods, the bread and biscuits company which owns nearly 24 per cent of Berisford.

Mr Garry Weston, ABF chairman, said Tate had offered, within the past month, to sell *the Berisford shares to ABF*, but had attached certain conditions, which he described as "onerous," but declined to identify. ABF views its Berisford holding as a long-term investment.

The transaction marks the first holding in a UK company by the Pritzkers. Mr Jay Pritzker and his brother, Robert, will join the Berisford board.

Tate sold the shares even though it had said previously that it would retain the stake until the European Community allowed an increase in its refining margins, which yield considerably less profit for Tate than those allowed to British Sugar under the EC beet regime.

Mr James Kerr Muir, Tate finance director, said: "We are still in discussions in Whitehall and Brussels about the margins. We are still hoping for a resolution."

Tate's bid for Berisford, and a separate *offer for British Sugar* by the Italian Ferruzzi group, were blocked by the Government in February on the advice of the Monopolies Commission.

Although the monopolies report suggested Tate might be allowed to bid again if it failed to win concessions on margins, Tate recently decided the Berisford share price had risen too high to justify a full offer.

Tate estimated it had made a £23m profit on its holding, after *taking carrying costs into* account.

British Sugar's decision last year to use its dominant UK position to raise prices, rather than gain market share, has also helped Tate's profits. British Sugar and Tate have 55 per cent and 45 per cent respectively of the UK market.

Pritzker profile, Page 8

KEY DATES IN THE BATTLE FOR S&W BERISFORD
February 26 1986: Berisford confirms takeover approach from Ferruzzi.
April 4: Hillsdown Holdings bids £486m.
April 30: Tate & Lyle bids £478m.
May 20: *Both bids referred to Monopolies Commission.*
May 29: Hillsdown sells 14.7% stake to Ferruzzi, quits bid battle.
November 20: Berisford agrees to sell 70 per cent of British Sugar to Ferruzzi for £425m.
February 25 1987: UK Government blocks Tate bid and Ferruzzi deal; Ferruzzi forced to reduce 23.7% stake to 15% within two years.
May 8: Associated British Foods buys Ferruzzi's stake for £133.2m (293p a share).
September 18: Pritzker family and Berisford directors buy Tate's 14.9% stake for £100m (348½p a share).

Japanese exports slow as imports rise

By Our Foreign Staff

JAPAN'S ECONOMIC growth slowed to zero in the second quarter, although domestic demand picked up significantly, suggesting that Japan appears to be meeting its pledge to stimulate its internal economy and to cut its huge trade surpluses.

Figures issued yesterday by Japan's Economic Planning Agency show that domestic demand rose by 1.2 per cent in the quarter, compared with 0.8 per cent in the first quarter, while external demand fell by 1.1 per cent in the second quarter.

This, a slowdown in exports and an acceleration in imports, is what critics of Japan's economy have been demanding.

The Government's target of 3.5 per cent growth in real gross *domestic product for the financial year* ending next March is still likely to be achieved because the Y6,000bn (£25.4bn) emergency package introduced in May to stimulate domestic demand should boost economic activity from the autumn.

Private housing and other domestic demand-related items rose at an annual rate of 4.8 per cent in the second quarter, but the external surplus plunged, cutting overall net growth to zero.

Private-sector stocks soared in value in the quarter as businesses piled up both raw-material and product inventories amid economic recovery.

Exports fell by 1.9 per cent because of a decline in textiles, automobiles and consumer electronics. *Imports rose by 5.9* per cent because of increases in foods, textiles and machines.

Japanese economists, generally, reacted favourably to the figures. They said that rather than suggesting economic stag*nation the figures indicated a* change in the structure of economic growth which remained healthy.

The economic recovery was not threatened, although it was likely to be fairly gradual as uncertainty over the exchange rate and inflation would be restraining factors.

Recent economic statistics have suggested both that the Japanese economy is still ex*panding* and that the troublesome trade surpluses are shrinking as imports jump.

Japan's Finance Ministry this week said the profits of the country's leading corporations were expected to rise by more than 12 per cent in this financial year.

Eurobond innovation for Next

BY STEPHEN FIDLER AND NIKKI TAIT

NEXT, the rapidly expanding retail clothing chain, is raising nearly £100m through the first convertible Eurobond launched in the form of a rights issue.

The move was designed to overcome objections by institutional shareholders to previous attempts to raise equity capital *in the international markets*.

The controversy surrounds the insistence by UK institutions that they should be given the right of pre-emption or first refusal for all new share or convertible bond issues which ex*pand shareholder capital* by more than 2.5 per cent. The limit is 10 per cent in the case of vendor placings - the placing of new shares to fund an acquisition.

The Next bonds would represent 6.5 per cent of the company's issued share capital if converted.

Bonds will first be offered to existing shareholders on the basis of £1 nominal of convertible bonds for every 3.57 shares and any refused will be sold to investors on the Continent.

Salomon Brothers, the US investment bank advising Next, has conditionally pre-placed £70m-worth of bonds with Eurobond investors; the remaining £30m has been underwritten by Rowe and Pitman, UK stockbrokers, and sub-underwritten in the London market.

Next says the money - £97.25m net of expenses - will be used to refinance existing short-term borrowings, saving the company *almost £5m a year in direct* interest payments. In particular, Next points to the need to fund redevelopment of retail sites acquired in its £325m takeover for Combined English Stores in June this year, the launch of its *mail order business*, and the cost of a £35m warehouse in Bradford.

The issue seems unlikely to settle controversy in the City over pre-emptive rights, however, since the costs of the issue *are significantly higher than on* a conventional Eurobond.

The Next bonds carry a coupon of 5¾ per cent, a conversion premium of 20.8 per cent and the investor has the right to sell the bonds back to the issuer after *five years at a yield of 10.46* per cent.

By contrast, a smaller convertible Eurobond launched conventionally yesterday for London International Group carried a lower coupon of 4½ per cent, a higher conversion premium of 25.91 per cent and a five-year yield to possible early redemption of 8.51 per cent.

LIG, the world's largest manufacturer of condoms, could issue the bond conventionally because it was a vendor placing *to finance the purchase of* HATU-ICO, Italy's leading condom maker and a producer of over-the-counter health and personal care goods, for L103bn (£47.9m).

Critics say the extra costs in*volved in taking account of pre*emption rights - effectively the risk premium for fixing the terms of the issue for the 3½ week underwriting period - are of no benefit to shareholders. Institutional defenders of pre*emptive rights, however, point* out that the costs of a vendor placing and a rights issue are different.

Salomon estimates that going the rights route costs about 4 per cent more than a conven*tional Eurobond, but says the* costs of a conventional domestic convertible bond, which generally carry more restrictive covenants than Eurobonds, would be double that.

THE LEX COLUMN

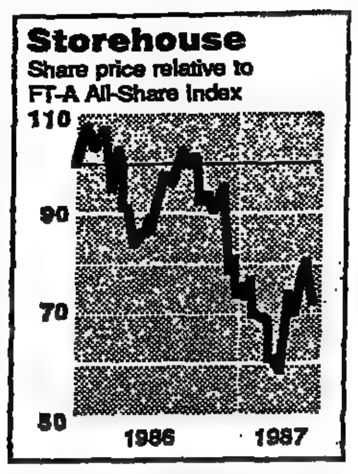
Indian summer for equities

Even as the market nosedived a couple of months ago, there were optimists *who looked* for a revival with the autumn results season. They are proving bang right on the timing, but the results have little to do with it. The remarkable obsession with economic statistics observable throughout the summer, *itself* the result of fundamental worries about the economy, was finally fed the right figures this week, and there was more optimism in the market by yesterday's close than at any time since equities *fell* off their mid-July peak.

The economic case is, if anything, stronger for gilts than for equities. Yesterday's bank lending figures seem to remove any lingering threat on interest rates; and even if the money supply figures showed notes and coins in circulation rising by an annualised 9 per cent, there was the soothing counter of Wednesday's figures on industrial output, apparently showing the UK producing enough goods to satisfy its own appetites. Given the remarkable stability of sterling, it was not surprising that the week saw renewed foreign interest in gilts - or the rumour of it, which the market took as enough to get on with. It now looks possible that next week's auction - only £800m, *after all* - could be oversubscribed.

In the equity market, meanwhile, the stream of interim results is pushing forecasts for earnings growth in the next twelve months up towards 15 per cent. *In the short run, there* is still a faint worry over possible cash calls; the average amount raised through rights issues over the past seven years, according to James Capel, has been equivalent to 1.4 per cent of average market capitalisation for the year, and the £5.5bn raised this year is at that level already. But it is in the authorities' interest, after all, to keep the queue clear, at least until the BP issue at the end of next month. After a trying summer, it looks like plain sailing for a while.

FT Index rose 21.2 to 1833.2



Storehouse

If the creation of Storehouse through merger was a device to secure BhS at the lowest possible cost to Habitat-Mothercare shareholders, it has backfired quite spectacularly. Through artificially locking together two distinct retailing cultures in fractious union, the form of the merger has surely contributed to the management failures and *dreadful share price underperformance of the past 18 months*. Yesterday's shake-up was certainly long overdue; but if the *potential bidders can claim* some credit for it, they must also take some responsibility for holding up the other key part of the process - the quest for a managing director to allow Sir Terence Conran to concentrate on design. Nobody of weight will risk jumping ship until the bid talk has more clearly subsided; certainly no-one approaching the class of Mr George Davies, Conran's last major discovery.

But despite yesterday's revelations about all those retailers' share stakes, the market - which *dropped Storehouse 13p to 346p* - seems to believe that the emergence of a more unified management team reduces the likelihood of a bid. The problems of a break-up by Mountleigh (or anyone else) look huge, and a *BhS management buy-out is* even less likely following yesterday's resignations. But some bid speculation should buoy up the price until restored credibility can take the strain.

Pre-emption rights

At long last an end to the whole pre-emption rights rumpus - perhaps. Next's £100m rights issue of convertible bonds might prove the compromise which all sides can agree on, and, no doubt, none really prefer. There is nothing essentially new in a rights issue of convertible stock, the difference in Next's case being the international underwriting of 70 per cent of the issue and the choice for investors of domestic or Eurobond conditions for the *resulting bonds*. Shareholders can take up or sell their rights - so they, rather than outsiders, *receive the benefit of any premium* at which the bonds trade to issue price. Next can argue that its cost of capital is lower than would have been produced by a conventional rights issue of shares at a discount of 10 per cent or so - though given the complexities of valuing convertibles with put options it could be a close thing.

Although its use of the international markets has seemingly reduced that cost, a non-rights convertible would have produced more aggressive terms on the bond, as London International's £50m issue showed. That has a coupon of 4½ per cent compared with Next's 5¾ per cent - a difference costing *Next £1¼m a year on the interest* bill. But if shareholders are also the convertible holders that does not matter - they are *getting in higher interest payments* (and the other more generous terms) what they are losing in pre-tax *profits*. Next is paying more in underwriting commissions - which are higher in the Eurobond market - and, in that respect, the UK institutions who are so anxious to protect pre-emption rights are paying the price of getting their way. But those same commissions may well come home *when the overseas underwriters* grasp that in the rights issue system of underwriting they only get the *stock* when the issue flops.

Tate/Berisford

Tate & Lyle's sale of its 14.9 per cent stake in S and W Berisford might have been a sound move, but it has deprived the market of much idle speculation. Even Tate's *shares* fell on the news, despite its £23m profit on the deal and the removal of the fear that it would make an expensive acquisition. There had been an assumption that such a sale would come only when the EC allowed Tate a big*ger cane refining margin, thus* boosting its profits. No such luck.

Berisford's shares naturally fell, 9p to 356p, in the belief that a bid is less likely. On the other hand, the Pritzker brothers do *not look the types to watch an* investment moulder. The hardest hit yesterday were A B Foods' shares, down 15p at 349p. It really needed to spend some cash, but is now left with an unusable (and possibly unplaceable) stake in Berisford, worth over £160m, to go with a poorly performing investment in Dee *Corporation, valued at £280m.*

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treas. 10½pc. 1999	£103⅝	+	1⅜
Assoc. Brit. Ports	639	+	24
BICC	432½	+	15½
BSR Intl.	147	+	9
British Aerospace	503	+	18
British Airways	216	+	11
Enterprise Oil	342	+	6
GKN	408	+	12
Helical Bar	322	+	27
Legal & General	368	+	19
London Intl.	359	+	7
MAI	704	+	20
Midland Bank	528	+	10
Minet Hldgs.	433	+	16
Morrison (William)	316	+	10
P & O Defd.	728	+	17
Polly Peck Intl.	416	+	16
RHM	349	+	6
Redland	514	+	10½
Royal Insurance	586	+	11
Spring Ram	538	+	32
Tarmac	314	+	9
Wellcome	513	+	12

FALLS

Antofagasta Hldgs.	308	−	25
Assoc. Brit. Foods	349	−	15
Berisford (S.& W.)	356	−	9
Saatchi & Saatchi	590	−	29
T & N	228	−	15½
Telemetrix	53	−	8
Textured Jersey	233	−	20

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	27	81	Dallas †	C	26	79	Madeira	S	25	77	Prague	S	25	77
Algiers	S	31	88	Dublin	F	14	57	Madrid	S	29	84	Reykjvk.	S	7	45
Amsdm.	S	19	66	Dbrvnk.	S	31	88	Majorca	S	30	86	Rhodes	S	30	86
Athens	S	30	86	Edinbgh.	S	13	55	Malaga	S	28	82	Rio Jo		-	-
Bahrain	S	33	91	Faro	S	28	82	Malta	S	30	86	Rome	S	28	82
Barclna.	S	29	84	Florence	S	30	86	M'chstr.	S	14	57	Salzbg	F	26	79
Belfast	F	13	55	Frankft.	S	26	79	Melbne.	S	24	74	S Frsco †	C	12	54
Belgrd.	S	30	86	Geneva	S	26	79	Mx. C.		-	-	Seoul	S	24	75
Berlin	F	23	73	Gibraltar	F	25	77	Miami †	S	25	77	Singapr.	F	31	88
Biarritz	S	32	90	Glasgow	S	14	57	Milan	S	28	82	S'tiago		-	-
Bmghm.	F	15	59	G'nsey	C	18	64	Montrl. †	S	9	48	Stckhm.	C	10	50
Blackpl.	F	15	59	Helsinki	F	11	52	Moscow	C	9	48	Strasbg	S	28	82
B Aires		-	-	H. Kong	F	28	82	Munich	S	27	81	Sydney	C	21	70
Bombay	F	32	90	Innsbrk	F	24	75	Nairobi	F	25	77	Tangier	S	32	90
Bordx.	S	33	91	Inverns.	S	12	54	Naples	S	31	88	Tel Aviv	S	30	86
Boulgn.	C	19	66	I.o Man	S	13	55	Nassau		-	-	Tenerife	S	29	84
Bristol	F	18	64	Istanbul	S	25	77	Nwcstl.	F	14	57	Tokyo	S	25	77
Brussels	C	20	68	Jersey	C	17	63	N Delhi	F	33	91	Toronto †	R	11	52
Budpst.	S	25	77	Jo'burg	F	14	57	N York †	R	20	68	Tunis	S	33	91
Cairo	S	34	93	Leeds	S	16	61	Nice	S	26	79	Valencia	S	32	90
Cardiff	F	18	64	L. Pms.	S	26	79	Nicosia	S	31	88	Venice	S	28	82
Cape T.	S	24	75	Lisbon	F	26	79	Oporto	S	28	82	Vienna	F	27	81
Chicago †	Dr	17	63	Locarno	S	25	77	Oslo	C	11	52	Warsaw	C	12	54
Cologne	F	23	73	London	S	21	70	Paris	S	28	82	Washgtn †	C	21	70
Cpnhgn.	C	15	59	L. Ang. †	C	17	63	Peking		-	-	Wellgtn.	S	16	61
Corfu	S	35	95	Luxmbg.	S	25	77	Perth	C	16	61	Zurich	S	28	82

C—Cloudy. Dr—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures

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INF talks

volving the destruction of an entire category of nuclear weapons and the implementation of an intrusive verification regime to try to prevent cheating.

The US has 348 cruise and Pershing 2 nuclear warheads based in Europe and the Soviet Union is believed to have more than 1,500 based in Europe, plus a few in Asia. All those weapons, which have a range of between 500 and 5,000 kms, would be eliminated but the timescale for the phasing out has still to be settled.

One of the main obstacles that had been preventing an accord had been how to deal with 72 West German Pershing 1A missiles without including them in the treaty, which the US has refused to countenance. That was resolved by an agreement to treat the warheads, which are American, like other US and Soviet warheads.

Originally Moscow had demanded that the Pershing 1As and their warheads should be *included in any INF treaty*. Mr Helmut Kohl, the West German Chancellor, came to the rescue of the US by promising to eliminate the Pershing 1A missiles as soon as the superpowers had got rid of their medium-range nuclear weapons.

As far as the US-controlled Pershing 1A warheads are concerned the US and the Soviet Foreign Ministers agreed they would be treated like all other warheads in the agreement.

Among what Mr Shultz described as the technical issues still to be resolved is the precise timetable for the elimination of the medium range missiles. The disagreement between the two sides mainly concerns a different appreciation of how long it would take to *eliminate the chemical substances* contained in the missiles.

The US wants to phase out the shorter-range INF weapons over one year and the longer-range weapons over three years, while the Soviet Union has proposed two years for the first category and five for the second.

Speaking about the agreement as a whole, Mr Shultz said: "*All matters of principle have* been resolved and all that's left are technical issues that we are confident we can work out."

Continued from Page 1

Building societies

changing its mind.

However, *some observers* believe the damage may already be irreparable. Societies may have lost forever their unique position in the mortgage market, they say.

The association's figures show that societies performed slightly better in the retail *savings market last month*, attracting net receipts of £667m compared with £347m in July. This is probably explained by jitters on the stock market which may have scared small investors into selling shares, the association said.

Societies made net mortgage advances of £1.2bn last month, down from £1.4bn in July. Banks lent £768m net last month. Other lenders are thought to have lent at least £500m, though precise figures will not be issued for several months.

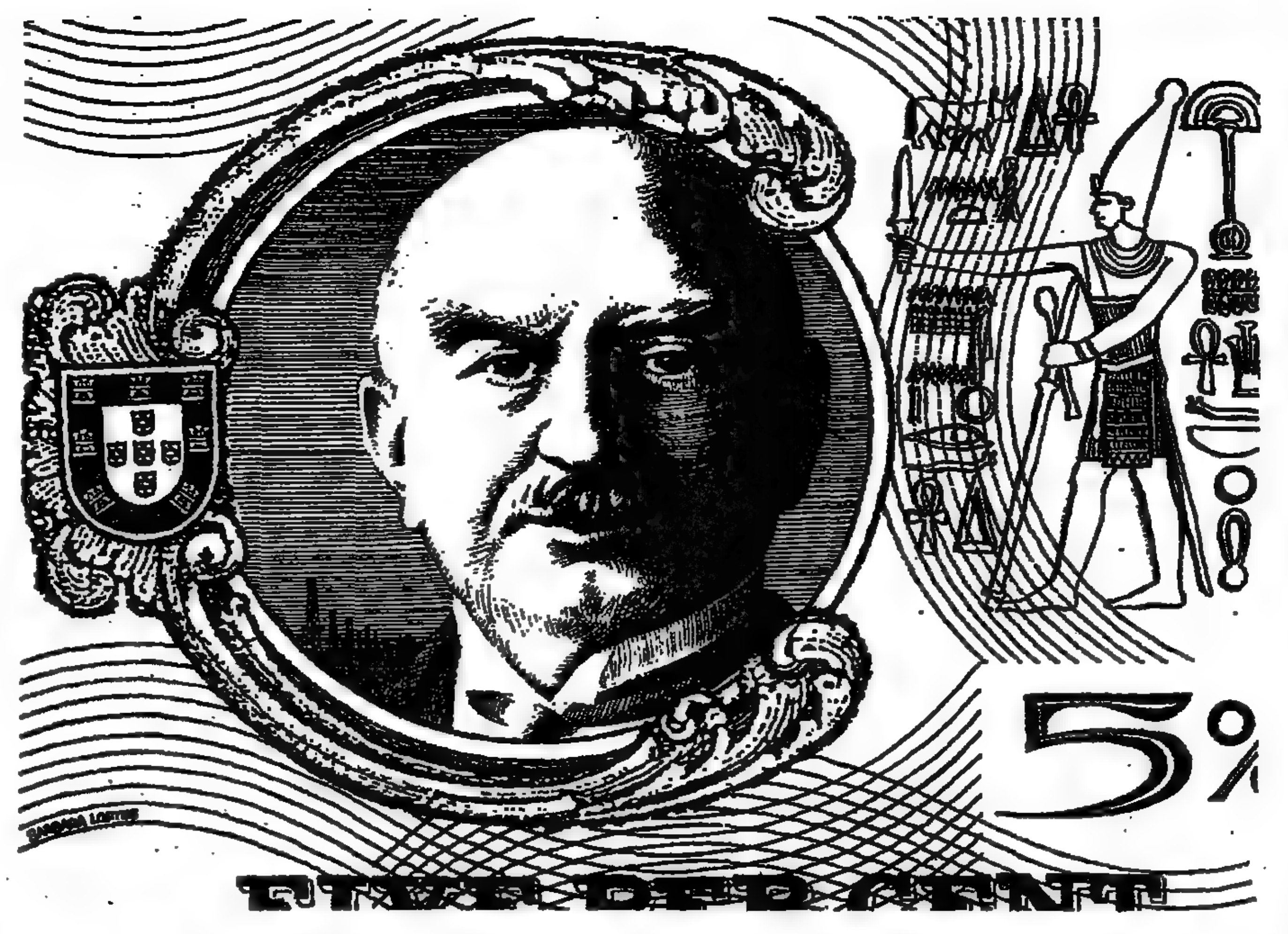
WEEKEND FT

September 19/20 1987

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

The Gulbenkian art collection crowns a Foundation which benefits all Portugal — and the world. **Diana Smith** reports.

The treasures of Mr Five Per Cent



LISBON IS not Xanadu. But it boasts a stately pleasure deme *decreed by the executors of* Calouste Sarkis Gulbenkian—Mr Five Per Cent, the Istanbul-born Armenian magnate whose pioneering 5 per cent share of the Turkish oil company that became the Iraq Petroleum Company yielded tens of millions of pounds a year in income. Much of it was used to amass a treasure store of works of art that the legendary Kubla Khan *might have* envied.

Portugal was his last home before he died, aged 86, in 1955. In the will made two years before he died, Gulbenkian called for creation of a permanent foundation under Portuguese law, the purpose of which would be "charitable, artistic, educational and scientific." The art collection is the spectacular tip of a vast institutional iceberg which has pervaded Portuguese life and drawn over 1m visitors to the museum.

For a modest Esc 40 (20p) you can abandon the traffic, crowds and daily bother of the city, take shelter in the discreet, lowslung modern pile just off L'Avenida de Berna and discover the well-housed, well-lit treasures.

Gulbenkian took a degree in engineering at King's College, London in 1886 but patiently taught himself history and knowledge of art. He travelled with equal ease in Oriental and Occidental culture and his collection reflects the contrasts between the two facets of Gulbenkian's character — sensual passion competing with intellectual discipline. He was attracted simultaneously by fluid contours and glowing Islamic or Oriental tones, the delicate austerity of early Christian works, the witty mannerisms of 18th century European painters and sculptors and the contrasts of Islamic and European carpets, tapestries or textiles.

Through Egyptian figures and a large coin collection started in boyhood, past Greco-Roman antiquities to fine Chinese porcelain and the brilliant colours of Islamic ceramics and glass, to carpets from the Caucasus and Moslem India, Turkish prayer rugs, velvets, brocades and satins—a display envied by connoisseurs of Oriental textiles—into the glow of mosque lamps and mosque tiles: the visitor penetrates Gulbenkian's private burnished world.

This privilege was granted to few *during Mr Five Per Cent's lifetime. He* loved his collection fiercely and possessively—parts of the collection were loaned occasionally to international museums, but the full array was for him alone.

The West is represented by an entire room of shimmering Guardis hung in the round in Gulbenkian's Paris house and in an oblong room in the museum; Corots, *illuminated* manuscripts, ivories, salons full of ornate 18th century furniture and genre paintings of the period. It is how Gulbenkian lived—amid the masterpieces of many centuries.

He surrounded himself by sculpture, by inventive Lalique glass, and *objets de vertu*. He lived with the works of Fragonard, Fantin La Tour, Manet Millet, Monet and Degas, interspersed with pieces coaxed away from the Hermitage in Leningrad between 1928 and 1930, when Russia's new Soviet leaders sold magnificent works of art for hard currency.

Among these masterworks, acquired for a few hundred thousand pounds, are dazzling French gold and silver *objets*, Riesener furniture of the Louis XV

'Over 1m visitors'

period, Rubens' portrait of a twinkling young wife, Houdon's marble Diane, Watteau's *Le Mezzetin* and two Rembrandts that belonged to Catherine II of Russia—a portrait of an old man and an Alexander the Great.

Visitors might be even more stunned if they knew that in the accounts of the Calouste Sarkis Gulbenkian Foundation, *this display of* masterpieces is entered at the risible figure of Esc 150 — 67 pence. It is too priceless to have a measurable financial value.

The collection may have no monetary value. The *foundation* has. It started in 1956 with assets of $60m, largely income from the famous 5 Per Cent. This was augmented through investment in stocks, bonds, shares and deposit accounts to diversify holdings when Middle East oil came under the threat of nationalisation. The foundation has built up assets of $1bn.

Since its 1956 start it has disbursed more than $500m in grants and scholarships. Sheer volume of assets and disbursements suggest that the Gulbenkian Foundation should have a high profile among international foundations but, like its founder, it is thoroughly discreet.

Gulbenkian came discreetly to Portugal in 1940 after France, his place of residence, was occupied by the Germans. Neutral, backward Portugal, then ruled by reclusive dictator Antonio de Oliveira Salazar, willingly gave shelter to the famous and temporarily homeless oil magnate.

He became a familiar figure at the Aviz Hotel, a rococo former private mansion not far from the area that would later be bought by the Foundation for its headquarters, museum, reference library, exhibition galleries, auditoria and meeting rooms, set in 60 hectares of lawns, sculpture gardens and flowerbeds. In a corner of the gardens near the Praca de Espanha sits a statue of the founder, bronze eyes averted from the massive Henry Moore and other figures of the Center of Modern Art.

Calouste would lunch at a corner table in the Aviz dining room, courteously but cautiously acknowledging greetings, watching intently, small in his high-backed chair. What he saw of Portugal and what he learned from his contacts — and above all from his *clever young lawyer Jose de Azeredo* Perdigao — moved him to agree to bequeath the body of his huge assets (minus deductions for bequests to relatives and family retainers) to a Portuguese foundation principally benefiting Portuguese citizens and cultural, scientific, medical, charitable and educational institutions, students of Portugal, or the furtherance of Portuguese culture abroad.

It might have been otherwise. Gulbenkian took British nationality in 1902. Though he remained devoted to Armenian culture, charities and religion (St Sarkis Armenian Church in London was built thanks to his largesse) he proudly held his British passport until his death. However, a break with Britain in World War II may have been one of the factors influencing his decision to endow Portugal rather than Britain with a rich foundation.

In Paris, Gulbenkian was honorary economic counsellor at the Iranian Embassy. When France fell and the Vichy regime was set up, the Iranian embassy stayed open. The British abruptly declared Mr Gulbenkian an enemy alien, because of his honorary attachment to the embassy, and took away his nationality. Gulbenkian, enraged at being condemned without a hearing, demanded restitution accompanied by an apology. He got his British nationality back after the war, but no public apology.

Meanwhile, he wanted a home for his entire collection after his death. London's National Gallery hungered after the paintings but Gulbenkian was unwilling to have his paintings in one place and furniture and objects in another.

America wanted his treasures, too. Washington's National Gallery was a temporary home for some of them for years. It offered to build a special wing, but Portugal won.

Jose Azeredo Perdigao, still going strong at 90, became the foundation's president after the late Lord Radcliffe, Gulbenkian's British lawyer who was the first choice, gracefully bowed out, feeling a Portuguese foundation would do better with a Portuguese president.

Britain did not lose out completely. When the foundation was established, a London branch was set up with grant-giving powers. At first it covered the UK: in 1985 a special programme was set up for the Republic of Ireland.

The London branch is dedicated to funding arts, educational and social welfare, and Anglo-Portuguese cultural relations. In 1985 it disbursed £1.5m in *the UK and the* Republic of Ireland, emphasising the arts for young people and ethnic minorities in the United Kingdom, training in the performing arts, youth employment and community service volunteers projects, teacher training and employment initiatives.

In Portugal, hardly an area of life remains untouched by Gulbenkian funds. One of the foundation's first acts was to set up Portugal's first travelling libraries. By last year more than 3m volumes had been lent, in villages and rural areas, to people who otherwise might have no access to the written word.

Gulbenkian grants have restored churches and historic buildings, equipped important centres of Portuguese history of art, such as the Madre de Deus church and tile museum, built and equipped schools, trained teachers in Portugal and abroad, built and equipped science laboratories (including the Gulbenkian Research Laboratory in Oeiras outside Lisbon), medical centres and hospitals. Other grants have introduced the first intensive care units in Lisbon and Oporto hospitals, *set up rehabilitation centres for the handicapped*, created orphanages and sheltered labour workshops, funded low-cost housing, and sent thousands of post-graduate students and specialists abroad.

Young musicians, singers and ballet dancers have been sent abroad on scholarships: many have returned to help form a cadre of able Portuguese performers now beginning to make their mark in opera and the Gulbenkian's own orchestra, choir and ballet. The orchestra, choir and ballet companies have been a lively part of the foundation's activities since the early 1960s.

The ballet was the only Gulbenkian section to rush briefly into revolutionary self-management in 1975 when Portugal was a home of left-wing agitation. After a year the dancers got fed up with ruling themselves and settled down, becoming an increasingly able modern dance company.

The exhibition galleries by the auditoria have recently displayed part of the collection of the American art collector Frederick Wiseman; an exhibit of contemporary Spanish painting, including works by Dali and Picasso; and a major exhibition of the Portuguese artist Julio Pomar. These exhibitions are *free of* charge, heavily attended by a young public which, often thanks to the Gulbenkian's efforts to promote art understanding all over Portugal, is becoming more actively interested in the plastic and performing arts.

They are helped with art appreciation by Gulbenkian-sponsored books on national or international art, just as children visiting a museum for the first time are helped to understand the wonders of the Gulbenkian collection by special guides.

Ever-restless in its search for activities to foster, the Gulbenkian travels far abroad, restoring and protecting vestiges of Portuguese culture—old Portuguese forts along the East and West African coasts and the Gulf, Portuguese colonial architecture in Brazil, a Portuguese arts centre in Paris and a residence there for Portuguese students and professors doing a stint in France.

Special care and attention is paid to a tiny group of Portuguese-speaking Malaccans, descendants of 16th century sailors to the Malacca Straits, to restore their prized Portuguese bell and to provide a trip to Lisbon to visit the *Portuguese monuments they view almost* as totems.

Complying with the wishes of its founder, the foundation has also funded the arts and culture in Iraq and Iran—*museums in Baghdad, for instance—and* innumerable Armenian charitable and welfare activities.

If the average Briton or American or German in 1987 has never heard of

'Special guides'

Calouste Sarkis Gulbenkian, it is highly unlikely that any adult of Armenian descent is unaware of the name. The Gulbenkian millions have financed Armenian institutions around the world.

In Portugal, the foundation has had an odd role, often supplanting Ministries of Education, Science, Culture or Health, which have not the funds to do what the foundation has been able to do. The Gulbenkian bequest has permitted thousands of small under-financed scientific, welfare or cultural bodies to get off the ground and keep going.

The Portuguese do not generally consider themselves a lucky people. But hundreds of thousands of them have no complaint about the day a bald-domed, white-mustached, black eyed little man *came looking for a wartime home—and* stayed to be their fairy godfather.

The Long View

Now the game is getting serious

The development of global markets has brought changed attitudes to outsider bids for UK financial institutions. Barry Riley argues for more strategic thinking among the insiders—banks.

IF ONLY the foreigners would *stick to being tourists. When* they insist on buying a piece of Britain, trouble can begin, especially if their purchase is a financial institution.

An extraordinary number of financial enterprises are currently "in play" — to adopt the accurate but repulsive terminology of the Wall Street "arbs." They range from Midland Bank through a group of harassed medium-sized merchant banks to leading life assurance companies such as Equity and Law and Sun Life.

It sometimes seems that any bored Australasian entrepreneur has only to arm himself with a hefty line of bank credit (easily done; it's such a change for the banks from Brazilian lending) and he can join the game, perhaps with the aid of a pin and the FT prices page.

Leaving aside one or two awkward hiccups like Standard Chartered Bank last year, and for the time being, at least, Hill Samuel this year, it seems a highly profitable game. When a threat appears, knights — whether white or black — *miraculously materialise.*

But now the game is getting really serious. Midland, one of the Big Four High Street banks, is being stalked. Admittedly Hanson Trust is British, and likewise Saatchi and Saatchi; but who is to say how many foreign banks are quietly doing their financial sums and updating their political calculations? Any number can play.

Traditionally, many countries have placed heavily fortified embattlements around their major financial institutions. Many nationalise them, to underline their political subservience.

One argument is that the biggest banks and investment institutions are vital to the functioning of the economy, and *foreign owners might lack full* commitment. More narrowly, governments like to lean on the banks from time to time, and it is much easier if an informal directive can be effective than if watertight legislation has to be drawn up to push banks in the desired direction. But nods and winks might not get much of a response from a faraway head office whose chief executive would, no doubt, mobilise his full international resources in order to get around the local problem.

The development of global financial markets has, however, begun to change political attitudes. In maintaining a tight grip on internal markets you also cut yourself off from the world outside.

A good example was the decision by the Bank of England to open up the gilt-edged market to overseas primary dealers. The top-hatted traditions were all very well, but a posse of international salesmen would track down new investors and lower the Government's cost of borrowing. The same logic has dawned on the French Treasury, which has opened up the Paris bond market and this summer has sent ministers out on international road shows.

The UK is in fact a special case, because there has been a *positive effort to develop an in*ternational financial services industry. This did not create much friction so long as there were clear demarcation lines *between, say,* the Eurobond and gilt-edged markets. However, deregulation has removed a lot of those barriers, and internationalisation is beginning to reach right into core domestic areas like clearing banking and life assurance.

Reciprocity is one diverting debate: the French for instance, are taking care to wrap their newly privatised financial institutions up in foreigner-proof packaging (in contrast, you can easily buy a US bank, but on the whole you would be wiser not to).

British banks and insurance companies, however, have too many foreign subsidiaries—and too many plans for more—to give any substantial support to the protective case.

There must be rapidly de*veloping scope for* the building of international retail financial service networks. They have in fact gone backwards since banks like Barclays DCO fol*lowed the flag around the world.* Nationalistic monetary and investor protection regimes have served to cut off domestic markets.

But now in the European Community, at least, serious efforts are being made to open up the internal market in financial services. The bid by Compagnie du Midi for Equity & Law has been made with this development specifically in mind.

Some of the big banks would like to link up, but are nervous about how to go about it. Direct takeovers would lead to *a loss of prestige* by the acquired bank, and would raise all the issues of foreign control (and loss of central bank eyebrow-raising influence) that bedevil strategic discussions about the financial services industry.

Besides, even if two banks amicably decide to get together there is always a risk that some less cosy rival might decide to enter the arena; at least, that is possible in the UK, where two rivals engaged in a bare knuckle fight for the Royal Bank of Scotland a few years ago before the referee stepped in, although no doubt they control these things more carefully in, say, Germany.

Bankers might prefer umbrella-style cross-border mergers on the model of the Royal Dutch/Shell Group, which maintains separate Dutch and British companies within a common *operational* framework.

Whether such tie-ups in banking would turn into Unilever-style successes or Dunlop-Pirelli disasters could be an interesting, if abstract, discussion topic. However, the immediate drawback would remain that banks would be *putting themselves "into play"* and open season would be declared.

The worrying aspect is that not enough strategic thinking *is going* on among the big players; it is being left to outside predators and speculators to make all the running.

This may be at least partly an illusion. Banks and insurance companies do not publicise sensitive discussions. But to the average reader of the Sunday financial pages it seems as though the reshaping of the financial services industry is being largely determined by Mr Ron Brierley and Lord Hanson, not to mention Mr Maurice Saatchi.

It would be a pity if major deals had to be cobbled together in the heat of a pitched battle, or even, in the traditional Bank of England way, late on a Sunday night with the Governor standing by.

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Decline could be under way

SUPPOSING—just supposing—that US stock prices are heading for a significant long-term decline: would such a bear market have any unusual new characteristics? This question might be extremely vague but it does seem worth asking, considering the enormous changes that have taken place in the US financial system and the whole international economy since stock market investors last had to think seriously about where the money would come from for the next Caribbean cruise.

Indeed, the very fact that almost nobody on Wall Street has bothered to indulge in any kind of crystal-gazing on the subject of the next bear market is one of the best reasons for believing that such a decline could already be under way.

With the millions of research dollars and armies of highly-trained economists at their disposal, one would have thought that Wall Street firms would be preparing all sorts of fascinating contingency scenarios: analysing the possible interactions between declining stock markets and other asset prices in an unusually leveraged economy; debating the probable effects of capital gains and losses on consumer spending; and writing lengthy circulars observing that the extraordinary profitability of many leveraged buyouts has had as much to do with the rise in asset prices throughout the economy as with the managerial and dealmaking talents of the buyout entrepreneurs.

Above all, one might expect the brokers to be devising all kinds of defensive strategies involving hedges in the futures and options markets—and to be marketing these aggressively, not only to their sophisticated institutional clients but also to the millions of retail investors who must be interested in protecting the big capital gains they have made in the past five years.

In fact, the existence and ready availability of such defensive strategies is one of the most important differences that comes to mind in comparing the next bear market with ones that have gone before. With the enormous expansion of the futures and options markets, it is now almost as easy for investors to make money in a falling market as in one that is rising.

This week saw the latest move in this direction with the issue

Wall Street

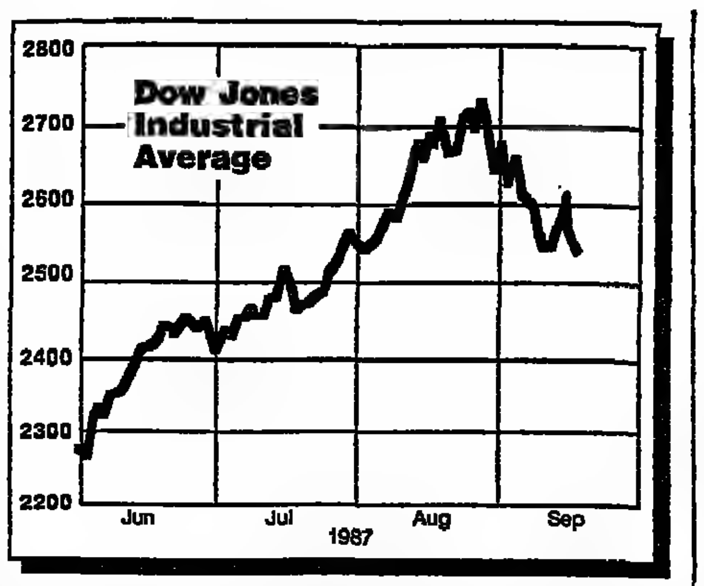
by Chase Manhattan bank of a novel three-year bond, the return of which is linked directly to any fall in the US stock market. Investors in Chase's Reverse Standard & Poors Investment Notes (or reverse spins, for short) get a return of 3.76 times any fall in the S&P 500 between the date of issue and the date of redemption in September 1990.

The value of their principal is guaranteed while they place this bearish bet and they even receive a guaranteed interest rate of 2 per cent annually. The fact that Chase can offer investors this kind of no-risk opportunity to bet against the market, without apparently raising any eyebrows among the regulators or putting any of its own capital at risk, is a tribute to the sophistication of the futures and options businesses these days.

However, the possibility of devising such an investment instrument, and the many others which are bound to follow once the market really starts falling, has implications for the dynamics of the next bear market which could be significant, albeit ambiguous. If retail traders, who tend increasingly to share the institutions' view of the financial markets as an outgrowth of the Las Vegas casino industry, can put their bets as readily on the bear as on the bull, the downward pressures once the market turns could be greatly exaggerated.

There is a countervailing force, on the other hand. It is by no means clear whether financial speculation tends to destabilise markets or to act as a dampener on price movements. To the extent that any downward movement in stock prices draws bearish speculators into the market, the falling trend is less likely to deteriorate into the kind of bottomless plunge seen in 1929 and, to a lesser extent, in 1974.

The reason for this is that a market where large numbers of investors are making money on the downside as well as on the upside is less likely to turn into the dreaded one-way street, with everybody selling and nobody offering to buy. The bearish speculators will be as anxious to lock in their profits periodically on the way down as the bulls traditionally do on the way up. To the extent that a significant body of bears comes into the fray near the top of the market, therefore, the next great decline could well be interrupted with more significant upward corrections than the disastrous collapses of the past.



MONDAY	2613.04	+ 4.30
TUESDAY	2566.58	−46.46
WEDNESDAY	2530.19	−36.39
THURSDAY	2527.90	− 2.29
FRIDAY		

Anatole Kaletsky

Bucking the USM trend

WHEN THE Stock Exchange relaxed the rules on new issues last year, many predicted that the number of offers for sale on the USM would be sharply reduced.

This week, the accuracy of those predictions was brought home when Explaura, a Newfoundland mining company, launched what is only the second offer-for-sale on the market this year.

The rules change increased the ceiling on placings to £5m for the USM and £15m for the main market. Since a placing is cheaper than an offer-for-sale and since it avoids the risk of embarrassing under-subscription, most companies, given the choice, will opt to have their shares placed with institutions.

Although the rules allow for 25 per cent of a placing to be passed on to stockbrokers other than the sponsoring house, private investors are thus effectively cut out of most new issues. As a consequence, there is an artificial imbalance of demand over supply when the stocks start trading, and many go straight to a premium. The illusion of success created encourages more companies to opt for placings and perpetuates the trend against offers-for-sale.

So although "new issues fever" has swept the stock market this year, USM investors have missed out. Prior to Explaura, the only company to launch an offer this year was Sock Shop, the niche retailer. However, that issue's success almost made up for the lack of other offers.

Sock Shop's £4.9m offer was 52 times oversubscribed despite the fact that it came to the market on a relatively high prospective p/e of 24. When the shares started trading they immediately leapt to a 100 per cent premium as investors who missed out in the ballot tried to grab some stock.

So can Explaura replicate that success? As a company, it could hardly be more different from Sock Shop. It operates not in the high street but on the remote rocky coastline of Newfoundland and its products are not dainty little socks but huge great chunks of limestone.

Geologists' reports estimate that there are around 1.2bn tons of limestone in the area where Explaura proposes to build a quarry. The site is close

Junior Markets

to the sea and the company plans to process the limestone and load it on to ships, which would then sail to potential markets on the east coast of America.

Limestone is widely used in the construction industry and a combination of a building boom and dwindling mainland supplies of the mineral makes Explaura believe that there will be a ready market for its production. It also believes that the lower costs of transporting its materials by ship will give it an advantage over its land-based rivals.

Output will not begin in earnest until 1989, building up from then to the medium term target of 4.2m tons a year. In the long term, the group hopes to develop markets in the UK.

The C$22m (£10m) cost of establishing the project will be part funded by a low interest rate loan, with the stock market float raising just under £5m to make up the difference. Henry Ansbacher and CGS Securities are offering 18m shares, 17 per cent of the equity at 32p each, putting a total value on the company of £33m.

It is very hard to say whether 32p is an attractive price. It is impossible to value the shares on the basis of a price/earnings multiple since there will be no income stream until 1989. Robertson Research, a branch of Coopers & Lybrand, has used discounted cash flow techniques to place a value on the reserves of between £23m and £30m, below the proposed market capitalisation.

However, the shares were previously traded on the 535 (3) market, the Stock Exchange's forum for exploration companies, and reached around 45p before suspension. So against that background, 32p does not look an excessive price.

Part of Explaura's credibility gap is that other USM greenfield companies have had dismal records—from the collapse of Hesketh Motorcycles to battered survivors like Nimslo 3-D and Bio-Isolates.

Explaura differs from most of the other start-ups in that it depends not on some new-fangled product but on a commodity in everyday use. Marketing reports suggest that the group will not need to grab a massive slice of the limestone aggregates market.

"As a greenfield project, it is very risky but it's slightly more believable than most," says Marion MacBryde, an analyst at Hoare Govett. "I don't doubt their technical ability to start the quarry nor do I doubt that they can get the ships to transport the limestone but I'm not quite so sure about their long-term demand projections."

The message seems to be that first time investors, and the so-called "widows and orphans" who like avoiding risk, should give Explaura a miss. Hardened punters might be tempted to gamble.

Philip Coggan

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated				
Appledore (A.&P.)	409	378	232	14.44	Highlnd Partics
Aspinall Hldgs	190	178	185	98.80	Walker (Alfred)
Barham Group	255§	251	212	72.93	Intl Bus Comms
Buckleys Brewery	192*§	205	175	28.59	Brodien
Cheshire Whlfds	280*	270	255	14.22	Wessanen
Country & New T	197*§	198	190	89.42	Pennant
CPU Computers	92*	93	89½	14.92	Scoa
Deritend Stmpng	673	621	545	35.49	Christy Hunt
Equity & Law	365*§	417	350	366.46	Brierley Invs
Equity & Law	400*§	417	350	401.60	Cmpgnie Du Midi
Guinness Peat	115*	121	111	358.36	Equiticorp
Hampton Trust	120*	120½	118	100.00	Aurora
Hawtal Whiting	534	505	435	34.57	First Sec Group
Hunslet	636	610	485	7.63	Telfos
Kent (John)	120	122	105	14.40	Redevco
Mercantile Hse¶	600§	571	488	566.80	Brit & Comwlth
Miss Sam¶	228	205	192	36.48	Blacks Leisure
Pres Entertainmt	308§	300	241	66.49	Pleasurama
Sims Catering	165*§	425	145	6.15	Mr R. Randell
Stewart Wrightsn	547§	548	500††	241.55	Willis Faber
Stone Intnl	112	103	154½	38.77	FKI Electricals
Stothert & Pitt	255	233	117	21.00	Hollis
Tech for Business	180	178	149	7.31	Comb Lease Fin
TR Pacific Basin	¶¶	297	303	241.00	Thornton Pacific
Wills Group	190*§	215	186	13.72	Australian Inv Cp
Woodhse & Rixson	130	124	91	15.56	Jhnsn & Fth Brwn

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on 2.30 pm prices 18/9/87. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined ||| Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Abaco Inv	June	6,550	(1,341)	2.3	(1.0)	0.4	(0.2)
Armour Trust	Apr	1,200	(550)	3.4	(2.9)	—	(—)
Bellwinch Grp	June	4,750	(2,580)	11.4	(5.4)	1.0	(—)
Benchmark Grp	June	1,330	(1,430)	2.6	(3.0)	1.6	(1.6)
Burford Grp	June	773	(340)	5.3	(3.9)	0.3	(—)
Cala	June	4,390	(3,110)	10.3	(8.6)	2.2	(1.8)
Chmbrs & Fargus	June	626	(201)	10.8	(3.8)	2.7	(1.2)
Con Gold Fields	June	244,400	(110,900)	82.2	(35.1)	18.0	(16.0)
Macro 4	June	4,110	(3,330)	11.7	(7.3)	2.8	(0.7)
Merivale Moore	June	6,350	(3,240)	32.1	(17.0)	4.5	(3.0)
Miller & S'house	June	611	(195)	9.5	(2.6)	2.3	(—)
Mucklow A. & J.	June	6,010	(5,370)	8.6	(7.0)	5.9	(5.4)
Scholes, G. H.	June	6,230	(5,340)	31.3	(25.1)	14.0	(11.5)
Shanks & McEwan	Mar	7,850	(2,700)	—	(—)	13.5	(9.1)
Sheafbank Grp	Mar	168	(158)	—	(—)	0.5	(0.5)
Sigmex Intl	June	1,160	(236)	10.0	(2.2)	1.1	(0.5)
West York Ind Hos	June	709	(612)	10.6	(9.4)	4.5	(4.0)
Westpool Inv	April	2,840	(2,840)	2.1	(1.9)	1.7	(1.6)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Abelscot	June	510	(281)	1.0	(—)
Addison Cnsltncy	June	4,500	(1,710)	0.9	(0.8)
Allied Ins Brokers	June	330	(264)	—	(—)
APV Baker	June	16,200	(10,800)	8.0	(7.0)
Aurora	June	5,080	(4,040)	0.6	(0.5)
Baird William	June	7,970	(6,200)	4.9	(4.3)
Banro Ind	June	1,080	(851)	1.9	(1.8)
Barham	July	3,540	(3,110)	—	(—)
Baynes, Charles	Mar	893L	(240)	—	(—)
Bisto & Battersea	June	191	(154)	1.5	(—)
Blackleys	June	1,798	(1,040)	2.7	(1.6)
Boded Laminates	June	441	(291)	—	(—)
Brake Bros	June	2,850	(2,250)	0.8	(—)
Brent Chemicals	June	4,500	(3,210)	1.1	(1.0)
Bridon	June	5,200	(5,200)	1.5	(1.5)
British Mohair	June	2,170	(1,700)	1.4	(1.2)
Brixton Estates	June	6,040	(5,076)	3.0	(—)
Brown Bvr Kent	June	5,120	(4,150)	1.5	(1.2)
Candover Inv	June	474	(419)	3.0	(3.0)
Clarke N., Coombs	June	720	(407)	1.1	(1.0)
Coats Viyella	June	81,000	(65,000)	2.7	(2.2)
Computer People	June	1,030	(510)	1.2	(—)
Corah	July	182	(906)	1.6	(1.6)
CPU Computers	June	710	(329)	—	(—)
Croda Intl	June	14,200	(11,800)	3.4	(3.0)
Daniels, S.	June	466	(361)	1.2	(—)
Delta Group	July	30,270	(27,200)	2.9	(2.6)
Desoutter Bros	June	2,950	(2,450)	2.7	(2.5)
DRG	June	24,600	(20,600)	4.1	(3.6)
EIS Group	June	4,130	(3,250)	2.2	(2.0)
Elswick	July	403	(352)L	—	(—)
Enterprise Oil	June	37,400	(23,600)	4.0	(3.5)
European Ferries	June	2,400	(4,000)L	—	(—)
Fergebrook	June	771L	(2,150L)	—	(—)
Fisons	June	44,600	(37,200)	1.5	(1.3)
Fitzwilton	June	1,200	(920)	—	(—)
Garton Eng	June	427	(290)	1.2	(1.0)
Guinness	June	151,000	(80,000)	3.0	(—)
Hall Engineering	June	5,130	(2,420)	—	(—)
Hall, Matthew	June	613	(575)	1.9	(1.7)
Hollis	June	4,440	(1,020)	1.0	(—)
Huntleigh Tech	June	188	(435)	0.5	(0.5)
Iceland Frozen Fd	July	3,160	(1,710)	1.4	(1.2)
Jones & Shipman	June	537	(752)	1.1	(1.1)
Kalon Group	June	556	(1,540)	—	(0.5)
KCA Drilling	June	2,050	(1,210)	—	(—)
Laird Group	June	14,680	(13,430)	3.1	(2.9)
Lancaster	June	1,350	(810)	—	(—)
Laporte	June	34,000	(28,800)	4.4	(3.8)
LASMO	June	20,700	(10,300)	2.5	(—)
Legal & General	June	35,700	(26,775)	3.8	(3.1)
Lodge Care	June	348	(242)	0.5	(—)
Lowe Hwrd Spink	June	4,750	(3,200)	—	(—)
Magnolia Group	June	563	(509)	1.4	(1.2)
Manders	June	2,470	(2,280)	3.2	(2.8)
Matthews, Brnrd	July	6,110	(7,010)	0.6	(0.6)
Mayborn Group	June	911	(1,140)	—	(—)
McLghln & Hrvy	June	673	(314)	2.5	(2.0)
Merrett Hldgs	June	3,930	(5,030)	—	(—)
Miss World	June	175	(167)	2.0	(1.5)
Molins	June	3,100	(4,600)	2.5	(2.2)
MS Cash & Carry	July	207	(464)	1.1	(1.1)
Myson Group	June	7,500	(5,700)	2.0	(1.5)
New London Prop	June	1,690	(1,350)	8.0	(7.0)
Next	July	30,200	(20,600)	2.5	(—)
Perry Group	June	2,550	(1,790)	2.0	(1.6)
Pittard Garner	July	3,800	(—)	—	(—)
Reckitt & C'man	June	74,550	(59,570)	—	(—)
RTZ	June	254,500	(229,900)	8.0	(7.0)
Ryan Hotels	Apr	660	(489)	0.5	(0.5)
Scot Heritable Tst	June	3,200	(1,340)	2.0	(1.6)
Simon Engnrng	June	9,400	(10,010)	2.7	(2.7)
Stewart Wrightson	June	13,200	(12,140)	—	(—)
Suter	June	12,000	(6,900)	1.5	(1.2)
Sutherland Hldgs	June	165	(160)	0.3	(1.5)
Systems Reliablty	June	1,000	(1,800)	1.7	(1.7)
Top Value	June	467	(290)	1.0	(—)
Travis & Arnold	June	7,060	(4,510)	1.3	(1.1)
T. & S. Stores	June	1,060	(1,120)	0.8	(0.7)
UCL Group	June	512	(358)	—	(—)
United Biscuits	July	59,000	(47,600)	4.0	(3.5)
Ward White	July	20,100	(10,200)	2.6	(2.2)
Warringtons	June	855L	(—)	—	(—)
Western Motors	June	412	(407)	—	(—)
Willis & Faber	June	45,500	(47,780)	3.8	(3.5)
Wills Group	June	779	(1,060)	—	(—)
Wilson Bowden	June	5,900	(3,150)	1.3	(—)
Wol'holme Rink	June	1,340	(1,160)	4.0	(2.7)
Woolworth Hldgs	July	27,000	(20,000)	3.0	(2.5)
Wyevale Gdn Cntr	June	601	(482)	0.7	(—)

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net pence per share, except where otherwise indicated. L Loss.

RIGHTS ISSUES

Greenwich Resources is to raise £14.25m via a rights issue on a one-for-five basis.

Miller & Santhouse plan to raise £5m by a one-for-four rights issue at 425p per share.

Pacific Sales are to raise £15.5m via a three-for-eight rights issue at 200p.

Siebe have announced a £207m rights issue.

Stonehill plans to raise £3.2m via a two-for-one rights issue at 30p.

Ted are raising about £7.2m via a rights issue; 3m new shares at 248p are to be offered on a five-for-14 basis.

Warringtons are to raise £3.8m via a one-for-one rights issue.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Bula Resources are to raise £5.9m via a placing.

CH Industrials are raising £30.3m via a vendor placing.

Delphin Packaging is to join the USM via a placing which values the group at £20.5m.

River Plate is to raise £14m by a placing.

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1987 High	1987 Low	
FT Ordinary Index	1,833.2	+69.4	1,926.2	1,320.2	Positive signals on the economy
Abbey Life	334½	+33½	334½	211	Morgan Grenfell "buy" recommendtn
Buckley's Brewery	205	+22	220	131	Revised offer wins board's recommdtn
Commercial Union	411	+45	411	268	James Capel "buy"/bid speculation
Costain	384xd	+41½	387	246½	Trafalgar House acquires 4.94% stake
English China Clays	531	+43	546	306	Re-rating suggestions/US demand
Guinness Peat	121	+10	121	87	Battle for control of group
Hawtal Whiting	512	+77	580	380	Offer from First Security
Hollis	147½	+20½	153	64	Excellent half-year results
Keep Trust	598	+83†	663	223	Capital injection by Dr Tony O'Reilly
Legal and General	368	+49	385	256	Interim profits rise 25 per cent
Mackay (Hugh)	316	+45	323	118	Bumper interim profits
Mersey Dcks Cmbnd Units	440	+184	440	30	Peel Holdings has over 10 per cent
Midland Bank	528	+34	528	421	Rejects Saatchi bid approach
Royal Insurance	586	+47	589	423	Adstream reveals 5.12 per cent stake
Saatchi and Saatchi	590	−64	699	533	Seeking financial services expansion
Sigmex	123	+38	127	55	Preliminary profits upsurge
Spectrum	124	+42	135	19	Neil and Scott buys 22.5 per cent stake
Storehouse	346	−29	401	269	Mountleigh bid uncertainties

† Based on price at suspension

Bank's move pays off

THE Bank of Scotland has boosted its balance sheet by moving south to England in a big way. But rather than set up a string of branch offices, it has been able to save costs by finding others to market its consumer credit services.

This includes the Visa card link with the AA and the building societies, and the provision of credit services for in-house store cards. It also has tapped into the booming mortgage market by issuing mortgages through the life companies.

Interim pre-tax profits of close to £70m are expected to be announced on Wednesday, before a possible Third World debt provision that could reduce that by one-third or one-half. That is anyone's guess.

The City is expecting Kleinwort Benson, the merchant bank, to be hit hard by settlement problems in the back room at Kleinwort Grieveson. Add to that a fall in corporate advisory fees and securities losses, and interim pre-tax profits could reach just £40m when announced on Monday. This compares to £57.7m last year when profits were boosted by exceptional gains in the gilt portfolio.

The most bullish forecasters expect buoyant advertising revenue to enable United Newspapers to double its interim pre-tax profits from £22m in the first half last year. Even the less optimistic agree, however,

Lord Stevens of United Newspapers

Results due next week

that the figures due on Thursday are merely an appetizer for the main course at the end of the year, when Lord Stevens' publishing and printing group will have a full six months of Extel under its belt.

Although United next week should spell out its plans for Extel — won in June after a bitter takeover battle — the City will have to wait until March to discover the additional costs of the move from Fleet Street (and offsetting property revaluation).

Strong growth in marine engineering and medical equipment is expected to be displayed by Vickers when it publishes interim results on Thursday.

The Rolls-Royce cars division also is expected to show progress both in sales and margins following changes to manufacturing techniques and product range last year.

Analysts are forecasting group pre-tax profits of about £25m, against last year's £21.2m. The growth in earnings per share will be less impressive because of the issue of shares for acquisitions.

Interim results from Tarmac, Britain's largest building materials and construction group, due on Monday, are expected to show pre-tax profits of about £70m, up from £47.5m in last year's first half. The full year prediction is around £236m.

Housebuilding has been very strong and the company expects to have built 11,000 by year end, making it number one in the country. There are some worries, though, about the rate of increase in house prices flattening out while land prices continue to move ahead.

The quarry products division should be well ahead; road building has been very successful.

First-half results due on Tuesfrom Christie's International, the fine art auctioneer, are expected to be up sharply at around £15m compared with £7.23m last time.

The market for fine art has been extremely strong since last December. Lots of people have made a lot of money on the stock market and are queuing up to buy. In addition, the increase of the buyer's premium last November from 8 per cent to 10 per cent boosted growth, as did the sale of Van Gogh's "Sunflowers" and "Le Pont de Trinque Taille" earning around $3.5m.

Ratners, Britain's biggest jewellery group, is expected to announce interim pre-tax profits of around £4.5m on Tuesday after an eventful first half in which the group failed in a bid for Combined English Stores, only to win control of Ernest Jones and the US Sterling chain after the end of the period.

The group's year-end has been changed but the first half is still relatively insignificant for Ratners as jewellery sales are traditionally concentrated in the second half. Last year's interim profits were £2.2m and the improvement reflects stronger sales, particularly in the revamped H. Samuel chain.

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Armstrong Equipment	Monday	0.7	2.0	0.9
Attwoods	Wednesday	1.2	3.7	1.5
Barratt Dev	Wednesday	2.3	5.8	2.8
Bryant Holdings	Tuesday	0.6	1.2	0.7
Casket, S.	Wednesday	0.8	1.4	1.0
Close Brothers Group	Tuesday	1.4	2.8	1.5
Courtney Pope	Friday	—	10.0	—
Green, Ernest	Monday	—	0.7	1.5
Logica	Thursday	—	1.0	0.5
Pineapple Group	Friday	—	—	—
Remer Textiles	Thursday	—	1.7	—
INTERIM DIVIDENDS				
Antler	Monday	—	2.0	
Atlantic Computers	Tuesday	1.1	3.5	
Bank of Scotland	Wednesday	6.0	10.8	
Bank of Wales	Tuesday	—	2.8	
Bankers Investment Trust	Thursday	0.4	0.4	
Bearson Clark	Monday	3.3	6.2	
Beauford Group	Wednesday	1.0	2.5	
Bemrose Corp	Tuesday	3.0	6.0	
Bentalls	Thursday	0.4	2.2	
Betec	Wednesday	0.6	1.5	
Bluebird Toys	Tuesday	—	4.8	
Bosse Massimi Pollitt	Wednesday	1.7	4.0	
Boddington Group	Friday	1.5	—	
British Syphon Ind	Monday	1.7	2.3	
Cakebread Robey and Company	Wednesday	0.8	3.0	
Capital and Regional Prop	Wednesday	—	—	
Central Ind Television	Thursday	4.0	12.0	
Chepstow Racecourse	Tuesday	—	1.0	
Christies Intl	Tuesday	1.8	6.0	
CI Group	Tuesday	0.4	0.6	
Citygrove	Tuesday	—	1.5	
Channel Tunnel Inv	Friday	—	—	
Clayform Properties	Tuesday	2.5	8.0	
Cliffords Dairies	Thursday	3.0	5.0	
Clyde Petroleum	Tuesday	—	—	
Connells Estate Agents	Monday	2.0	4.4	
Cory, Horace	Tuesday	0.3	0.4	
Dean and Bowes Group	Tuesday	1.0	2.0	
Davidson Pearce	Thursday	1.2	1.8	
Eadie Holdings	Wednesday	—	—	
Epicure Holdings	Tuesday	—	0.3	
Evered Holdings	Thursday	1.7	3.2	
F and C Pacific Invst Trust	Thursday	0.3	0.7	
Folkes Group	Tuesday	0.3	1.0	
Geest	Thursday	—	1.0	
Hampden Homecare	Wednesday	0.5	1.1	
Harvey and Thompson	Tuesday	1.7	4.2	
Highcroft Invst Trust	Thursday	1.0	—	
Juliana's Holdings	Wednesday	0.8	1.3	
Kellock Trust	Monday	—	0.1	
Kleinwort Benson Lonsdale	Monday	5.3	8.7	
Kwahu Company	Wednesday	—	1.4	
Kwik-Fit	Tuesday	1.0	1.2	
Liberty	Friday	1.8	7.2	
London and Metropolitan	Thursday	—	2.0	
Lorin Electronics	Thursday	1.0	2.0	
Marshall's Universal	Monday	1.0	1.0	
Martin Currie Pacific Trust	Tuesday	—	0.3	
Minet Holdings	Tuesday	3.4	8.0	
Morgan Crucible Com	Monday	4.2	8.0	
Newarthill	Thursday	—	12.5	
Peters, Michael Group	Wednesday	1.0	1.6	
Polypipe	Wednesday	0.5	1.1	
Ransomes, Sims and Jefferies	Monday	1.6	4.3	
Ratners Group	Tuesday	1.0	3.0	
RMC Group	Thursday	2.5	6.2	
SPP	Thursday	1.7	3.5	
Spring Ram Corp	Monday	0.3	0.7	
Stag Furniture Holdings	Wednesday	1.7	3.7	
Sumit	Monday	2.5	1.2	
Tarmac	Monday	1.2	4.3	
Therels	Wednesday†	2.0	10.5	
Tibbett and Britten	Wednesday	—	—	
Tilbury Group	Wednesday	1.8	5.0	
United Newspapers	Thursday	6.0	10.5	
Vickers	Thursday	4.8	7.2	
Watmoughs Holdings	Tuesday	1.7	4.8	
Whatman Reeve Angel	Thursday	1.0	2.1	
Worcester Group	Monday	2.2	6.0	
World of Leather	Wednesday	—	3.0	
Yule Catto	Tuesday	3.0	—	

* Dividends are shown net pence per share and are adjusted for any intervening script issue. † Gross per share.

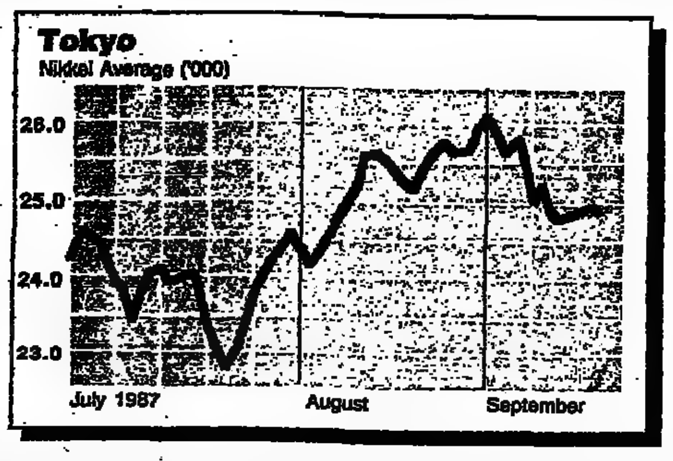
INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 27%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	3.70	3.76	2.79	2.02	monthly	1	—	0-7
High interest cheque	6.00	6.17	4.52	3.29	monthly	1	1,000-4,999	0
High interest cheque	6.30	6.49	4.75	3.45	monthly	1	5,000-9,999	0
High interest cheque	6.70	6.91	5.05	3.67	monthly	1	10,000-49,999	0
High interest cheque	7.00	7.23	5.27	3.84	monthly	1	50,000 minimum	0
BUILDING SOCIETY†								
Ordinary share	5.00	5.06	3.81	2.77	half yearly	1	1-250,000	0
High interest access	6.75	6.75	5.09	3.70	yearly	1	500 minimum	0
High interest access	7.00	7.00	5.27	3.84	yearly	1	2,000 minimum	0
High interest access	7.50	7.50	5.65	4.11	yearly	1	5,000 minimum	0
High interest access	7.75	7.75	5.84	4.25	yearly	1	10,000 minimum	0
90-day	7.75	7.90	5.95	4.33	half yearly	1	500-9,999	90
90-day	8.00	8.16	6.15	4.47	half yearly	1	10,000-24,999	90
90-day	8.25	8.42	6.34	4.61	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	10.00	7.30	5.50	4.00	yearly	2	5-100,000	30
Income bonds	10.50	8.04	6.06	4.41	monthly	2	2,000-100,000	90
Deposit bonds	10.50	7.67	5.78	4.20	yearly	2	100-100,000	90
33rd issue‡	7.00	7.00	7.00	7.00	not applicable	3	25-1,000‡	8
Yearly plan	7.00	7.00	7.00	7.00	not applicable	3	20-200/month	14
General extension	7.02	7.02	7.02	7.02	quarterly	3	—	8
MONEY MARKET ACCOUNTS								
Schroder Wagg	6.40	6.59	4.97	3.61	monthly	1	2,500 minimum	0
Provincial Trust	7.34	7.66	5.77	4.19	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
5pc Treasury 1986-89	8.54	7.13	6.19	5.40	half yearly	4	—	0
8pc Treasury 1992	9.90	7.64	6.14	4.89	half yearly	4	—	0
10.25pc Exchequer 1995	10.06	7.31	5.48	3.95	half yearly	4	—	0
3pc Treasury 1990	7.69	6.82	6.24	5.76	half yearly	4	—	0
3pc Treasury 1992	8.17	7.25	6.64	6.13	half yearly	4	—	0
Index-linked 2pc 1992¶	7.73	7.17	6.80	6.49	half yearly	2/4	—	0

* Lloyds Bank. † Halifax 90-day; immediate access for balances over £5,000. ‡ Special facility for extra £5,000. § Source: Phillips and Drew. ¶ Assumes 4.5 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

• MARKETS •

Ghouls circle in vain



IN VIEW of its reputation for glorious upsets and thrilling numerical distinctions, the Tokyo stock market has been a major disappointment recently.

Earlier this month, foreign and *domestic ghouls* were circling over a little-known chemical company that had lost a bundle (nearly $200m) in the bond futures market. More financial collapses were sombrely predicted. The Nikkei stock average nervously shed more than 1,000 points in the first week of September.

However, the collapse many foreigners have been expecting for months did not materialise. The index closed yesterday at 24,844, only 4 per cent off the latest peak set on September 1.

The Japanese practice of *zaiteck* (heavy financial speculation by widget-makers) continues. So far, *zaitech's* possible perils have left the stock market unaffected. Indeed, while the index has remained relatively calm, volume has been strong. Trading in just three stocks accounted for 40 per cent of turnover yesterday, which totalled around 1.6m shares. Shares of selected heavy industry stocks are moving upwards. Some, like Nippon Steel, appear to be regaining their previous peaks reached last April.

Nonetheless, foreigners have been consistent sellers of Japanese equities this year and only the die-hards are left. Worries reached a crescendo among foreigners in the spring and again in mid-summer. The high yen and heavy reliance on financial speculation was going to be the undoing of some of Japan's big names. The market was too high; the economy too uncertain.

Today, industry appears to have weathered the worst of the high yen storm. The currency seems to have settled into a less volatile relationship with the dollar. The Japanese economy is rapidly picking up steam, led by housing, construction and consumer spending. Manufacturing companies are concentrating on profitability, not market share. And the rationalisation prompted by this change in orientation is now almost over.

It would be a brave individual, however, who would smirk at the faint-hearted foreigners. Their remaining holdings, of course, have increased in value. And a major decline, or even collapse, could still be in the offing.

Tokyo

The outlook still seems to depend on Tokyo's most consistent fundamental—the supply and demand of money. Ironically, *the level of money flowing* out of Japan has been a prime indicator of the money available for the TSE. Indeed, the uneasy feeling underlying the market since the first of the year has been largely the result of the huge fluctuations in capital outflows.

Late in spring, the dollar's drop against the yen caused Japanese investors virtually to stop buying US government bonds. Purchases climbed back up to new highs by midsummer but fell back sharply last month. Simply put, when less money flows abroad, more is available for the TSE and share prices go up.

Analysts are split on the future direction of capital flows, depending on their outlook on interest rate and currency movements. There is more agreement on domestic money. The Government has announced that, in November, it will be seeking more than Y5,200bn ($36.4bn) through the sale of the second tranche of shares of Nippon Telegraph and Telephone in November. The first tranche was a Mt Fuji-sized success, so the second is expected to go equally smoothly.

Further, new financing by Japanese banks is estimated to absorb about Y1,200bn this year, while next year's sale of shares in Japan Air Lines is reckoned to take up about Y620bn. At the same time, *life* insurance companies are now showing more interest in lending their money, to consumers and the like, rather than stuffing it into equities.

On the supply side, however, a stunning amount of liquidity has been building up. Tokyo's call money market is now valued at about Y17,000bn, with nearly 80 per cent of that money accounted for by various domestic funds and investment trusts.

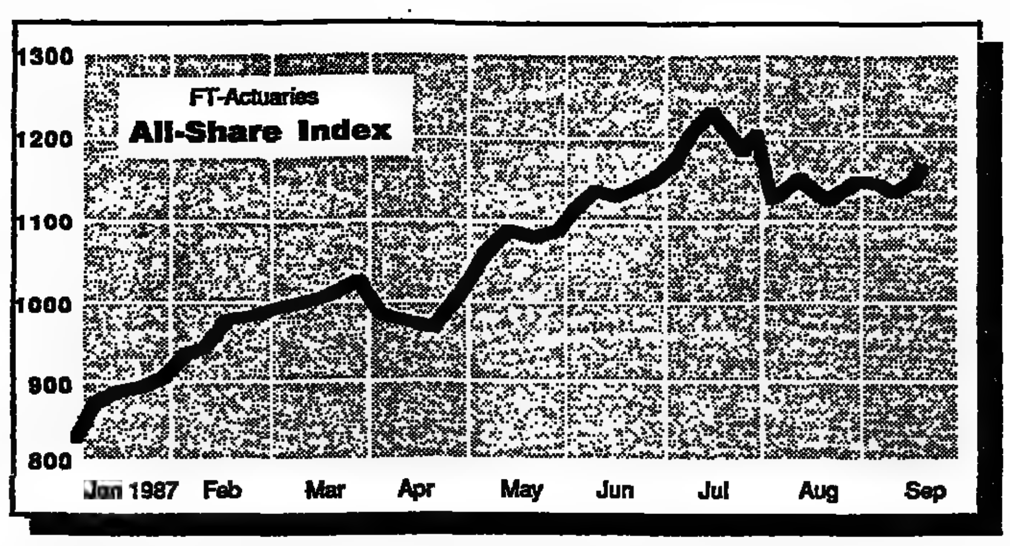
All this leaves analysts fairly cautious. Some sectors, such as blue chips, continue to do well. Most stockbrokers are holding fire on major recommendations, however, pending the outcome of the portfolio strategy meetings now taking place at the leading brokers in Japan.

In Tokyo, despite the influx of foreign brokers on the stock exchange floor, the buying trends are still set by the big Japanese houses. And even when the trends don't make a lot of sense to the outsider, it's still prudent not to ignore them.

Carla Rapoport

Restored by strong medicine

LONDON SEEMED to shake off its September sickliness this week, thanks to regular doses *of economic tonic which have* given the markets a degree of resilience and bounce not seen for a long time.



The good news began with a reasonable set of wholesale price figures on Monday, showing no evidence of economic overheating, and continued on Wednesday with statistics showing a surge in manufacturing output and buoyant government revenues — which means there are growing prospects for tax cuts in next year's budget.

Thursday brought forth figures showing a continuing surge in productivity, an upturn in investment spending and a *revision* of the trade figures for the first half of the year, turning what had been thought to be a small current account deficit into a small surplus. And to cap off the week, yesterday produced a very good set of money supply figures, reducing the market's residual nervousness over *inflation* and interest rate trends.

It is hardly suprising, then, that equities should have responded strongly. The FT-SE 100 index, which had spent the first two weeks of the month trading flatly, took off, pierced the 2300 barrier for the first time since early August and closed last night at 2328.8 a gain of 67.1 on the week.

Gilts traded somewhat more cautiously ahead of yesterday's money supply statistics, with yields on long bonds still hovering around 10 per cent, but the good monetary figures should help it rally. The gilt market's edginess over next week's experimental auction of long bonds was also reduced when details of the issue emerged: the £800m of partly paid Treasury 9 per cent 2008 is less than the £1bn that could have been asked for, and as an existing stock will be easily tradeable.

The week also saw a further encouraging flow of company results: first half earnings at Rio Tinto-Zinc were up 21 per cent, Coats Viyella saw interim pre-tax profits rise 25 per cent, while United Biscuits claimed victory in its US cookie war and announced a 24 per cent rise in interim profits.

All of which means City analysts are now more hopeful

London

of a reasonable rise in the market over the next few weeks, with suggestions that before the end of the year the FT-SE might test this summer's all-time high of 2443.4.

Two substantial clouds remain on the horizon: there is still nervousness about the weight of cash calls being made on the equity market—next week investors will have to decide whether to take up Blue Arrow's record £837m rights issue—and a lot of edginess over the state of the US economy and Wall Street, which could drag London down in its wake.

For now, though, the Government is in the happy position of having the markets in relatively robust shape to cope with next month's £7.5bn sale of shares in British Petroleum, which has already attracted the interest of 3.75m potential applicants. This week further details emerged of the package of inducements which will be used to woo small investors—including a bonus issue of shares for those who hang on to their allocation.

Quite the most intriguing corporate news of the week, however, was the revelation that Saatchi and Saatchi, the group built up by the eponymous brothers Charles and Maurice from nowhere to world leadership of the advertising industry, is now aiming to make a move into financial services. And its ambitions are hardly modest: it has approached troubled Midland Bank, Britain's fourth biggest clearer, with a view to taking it over. Rebuffed there, it has also been in talks with Hill Samuel, the merchant bank which has been suffering a crisis of confidence ever since the breakdown of its merger talks with Union Bank of Switzerland. Hill Samuel also gave it the cold shoulder.

The Saatchis, who have expanded in recent years into business advisory services, such as management consultancy, now believe that a time of global convergence between business and financial services is upon us. The conclusion they draw is that their company, with its global experience, has much to offer the British financial services sector, which is fighting a ferocious but none too successful battle against the big foreign battalions.

There are two extreme reactions to all this. One is that, for all the fancy talking, Saatchi has little or nothing to offer Britain's banking houses and that the company has lost its collective marbles in a severe attack of hubris. The other is that the Saatchis are brilliant visionaries whom time will prove correct. But the sharp fall in Saatchi's share price this week suggests the market is far from convinced by the company's rationale.

Elsewhere in the financial services sector, the week saw Equiticorp, the New Zealand group, make a modest 5p a share increase in its bid for Guinness Peat, as well as picking up a further tranche of shares to take its holding to 39 per cent. This confused battle—which seems to have divided Guinness Peat's executives—is not yet over. For one thing, Robert Maxwell is still buying shares in an apparent spoiling tactic; for another, the Bank of England is still considering the suitability of the New Zealanders. But it will now take an awful lot to stop Equiticorp's momentum.

It has also been a week of big purchases by Britain's drinks businesses: Bass, the brewer, underlined its diversification into hotels with the *£290m purchase of the Holiday* Inn chain outside North America while Guinness struck a £293m deal to buy Schenley, the US drinks distributor. Both these deals were well received by the market as strategically sensible and none too expensive. But Whitbread got a cool reception for its £170m purchase of James Burrough, the manufacturer of Beefeater gin, which was seen as excessively costly.

Meanwhile, one of London's longest running takeover battles—that for the Pension Fund Property Unit Trust—ended this week in victory for Mountleigh, the aggressive property company headed by Tony Clegg. It is Mountleigh which served notice some weeks ago that it might make a bid for Storehouse, the retailing chain headed by Sir Terence Conran.

Clegg expected to say next week whether he is putting up *or shutting up. One theory has* it that the PFPUT victory will cool his enthusiasm for another bid—and some fund managers have been lightening their Storehouse holdings. But as yesterday's management upheaval at the company shows, Sir Terence is manning the battle stations.

Martin Dickson

Commodities beckon

COMMODITIES have not been the obvious choice for most investors in the UK since the last boom in prices in the early 1970s. But with the market turning up for a *broad* range *of products*, the much-maligned commodity sector could start to attract a growing public participation.

This has definitely been the case in the US, where investors, wary of some inflationary trends in the economy, have this year rushed towards precious metals and are becoming more active in the rest of the commodity sector. US investors are enthusiastic about renewed growth in commodity prices, which tumbled last year *to their lowest levels since* the Depression.

The US Commodity Research Bureau's index of 26 commodities is still behind its 1980 high of 337 points (1967=100), but is well up on last year. The index is now at 228, slightly below this year's peak of 244 points in May, but *showing* a strong rise from below 200 in July last year.

Ever watchful for a favourable trend in the marketplace, the US public placed a lot of its confidence in precious metals earlier this year, spurred on by fears of inflation and a falling *dollar. These moves may have* made some money as gold and silver prices moved upwards.

But precious metals investors tend to take the long view, buying the physical metal and holding on to it. "Like most investors, they have a hard time betting that gold and silver will go down, and this can cost them a lot of money," one discount broker said.

Silver prices have drifted from a high of $11 a troy ounce in May to around the $7 mark —still higher than last year's $5 an ounce. The gold market has been quieter of late than the fundamentals in the market would *seem to dictate, but is* nevertheless up at the $456 mark from the $390 an ounce reached earlier this year.

Many private investors put their money into gold or silver coins earlier this year, and Citibank says it saw a surge of interest in its gold bullion programme, which is aimed at the small investor. Although interest in precious metals has cooled a little since price rises levelled off the banks believe many private individuals are waiting on the sidelines.

On the other hand, copper is seeing a definite upward trend with prices at around 80 cents a pound and predicted by some analysts to break the $1 per pound level before six months is out. However, participation in copper futures and options, as with most commodity futures markets, is strictly for the well-capitalised.

Merill Lynch, for example, demands a $20,000 minimum deposit for investors wishing to open an individual futures account, says Tom Lane, vice-president for commodities marketing. This must be augmented by a net worth of $200,000, excluding equity in the home, and an income of $50,000 a year.

Given these parameters, the brokerage house is aiming at a well-heeled, upper middle class market and many of these

US investors watch for favourable trends as precious metal prices move higher

people are currently returning to the commodity markets, Lane says. After a surge in *interest* in the late 70s, interest in commodities tailed off until this year, he says, when commodity prices started to improve.

US commodity exchanges say they are now seeing a return of major public interest, given the improvement in the overall trend of most commodity prices, with the notable exception of some food commodities.

Where the futures investors put their money can vary depending on individual interest. A dentist watches the precious metals markets perhaps because he uses them at work, Lane explains, while a farmer will be more interested in agricultural commodities.

Lane sees no hot favourite at the moment. Commodity interest can reflect geographical factors as well, he points out. "If you live in Florida you may have a feeling about orange juice."

On top of the renewed futures interest, a growing number of sophisticated private investors have been testing the waters of the US options markets. Once these markets are understood by the individual investor, they can become very attractive, brokers say. There is the potential for almost unlimited gains by taking a limited risk, given that an options premium is usually much smaller than the capital needed to enter the futures market.

The smaller US investor will often be steered by the big brokerage houses towards commodity funds. But these funds, which require an initial deposit of $5,000, are recommended for those investors who already own a diversified securities portfolio as well as some bond holdings, brokers stress.

They do not advise first-time investors to put money into the diversified funds, which usually include some financial futres products as well as individual commodities. However, they can yield 30 per cent a year if a few of the big commodities are doing well.

The interest in precious metals and copper has also seen renewed growth in prices of mining stocks, most of which are reaching the point where they are not far from being over-priced, according to John Gross, who runs his own metals consulting firm, J. E. Gross and Associates.

Two copper companies that have seen real benefits from *the move in copper prices are* Magma Copper and Phelps Dodge, which adds an additional $10m to its income for every 10 cents rise in the copper price, he said.

Aluminium companies such as Reynolds Metals and Alcoa are seeing a higher price for unfabricated aluminium ingot, which is trading at just over 80 cents a lb, from a level of 54 cents per lb earlier this year. But these companies are not likely to benefit as much as the copper producers because they have increasingly distanced themselves from the commodity side of the business in recent years and moved into the higher value fabricated sector.

For the investor who wants to put his money into something more offbeat, Central States Metals in Texas is selling a range of esoteric minor metals in half-ton packages. "Investors like to hold something tangible, like a ton of gallium or indium," *company president* John Rockinstein points out. He says these strategic metals can give very high yields.

Deborah Hargreaves

Claret prices below best

CHRISTIE'S FIRST fine claret sale of the autumn season showed good trade support and brisk bidding but many prices of popular growths were below their best this year, as can be seen by taking representative wines of the highly esteemed 1961s, the senior 1966s and the recent 1983s. This week's figures per dozen are followed in brackets by the highest this year in the two leading London salerooms.

1961: Mouton Rothschild—£2,200 (£2,300), Margaux £1,700 (£2,050), Cheval-Blanc £1,550 (£1,850), Palmer £2,000 (£1,350 six bottles), Cos d'Estournel £640 (£720), Beychevelle £660 (£720), Lynch-Bages £620 (£650).

1966: Lafite £800 (£750), Latour £850 (£850 magnums), Mouton Rothschild £820 (£850), Haut-Brion £700 (£600), La Mission Haut-Brion £680 (£800), Palmer £780 (£680), Beychevelle £310 (£360).

1983: Lafite £350 (£360), Latour £300 (£320), Mouton Rothschild £280 (£420), Haut-Brion £210 (£280), Cheval-Blanc £260 (£320), Palmer £210 in bond (£310), Pichon-Lalande £160 (£290), Cos d'Estournel £145 (£135).

Even the sought-after Petrus went for less: its '66 made £2,000 a dozen (£2,600), and the 1978 £1,100 (£1,400).

Edmund Penning-Rowsell

Early birds get BP edge

WHAT MAKES nearly four million people register as potential new shareholders of BP? The oil major's £7½bn share sale is at least a month away, but the BP Share Information Office said this week that the total registered had passed the 3.75m mark, with new enquiries still running at over 150,000 each day.

The answer is that they got an option on the shares at no risk to themselves, said Simon Linnett of the Government's financial advisers, merchant bankers N. M. Rothschild.

Individuals who register with the Share Information Office, before a cut-off date yet to be announced, will be sent a prospectus and a personalised, priority share application form. Having identified themselves in the run-up to the offer, adds Linnett, they will also get more information than the average applicant.

If they duly apply, using the priority form, they will be guaranteed an allocation of shares, no matter what the demand may be, and preference if heavy demand results in applications being scaled down.

Private investors in the share sale will be offered a package of other inducements:

- The minimum investment is to be around £250, the lowest initial investment since the British Gas privatisation last year and also lower than that for most secondary offers, said Anthony Alt, a director of Rothschild.
- The minimum first instalment will be no more than £100.
- Payment is to be in three instalments spread over 18 months.
- There is to be a bonus issue of one bonus share for every 10 shares bought in the offer and held for three years, up to 150 bonus shares.

Rothschild said that the Government do not just want a lot of money for their shares. *It said that the terms*, especially the inclusion of the bonus share clause, are intended to engender loyalty among the new shareholders and are consistent with the Government's aim of widening and deepening the body of share ownership in this country.

Alt observed, in this connection, that the majority of investors expressing interest in the BP offer for sale have also said they will want to hold on to the shares; under questioning, he said less than 25 per cent had said they would be sellers.

He added that, as a rule, investors in large privatisation issues have contained a much smaller proportion of sellers than in smaller offers for sale. Nevertheless, Rothschild expects before the issue to be announcing detailed arrangements for dealing *in the shares, hopefully* at competitive commission rates.

If previous privatisation issues are any guide, the pace of the publicity maneouvres surrounding this issue are likely to be cranked *up over* the next few weeks. However, one gimmick which once looked possible has been ruled out already; the idea of benefits in kind, like petrol vouchers, has been discarded, said Alt.

- *Individuals can register with* the BP Share Information Office by telephoning 0272 272 272 or by completing and posting a share offer advertisement coupon, or by returning a registration card available at any BP service station.

William Cochrane

Nearly there

The Great Investment Race

THE SIX teams of top fund managers competing in the Great Investment Race are bracing themselves for an exciting finish when it ends on Wednesday.

They have been competing to see which can make the most money for charity by investing *a portfolio of £35,000 for a year.* The race has already experienced more than its fair share of thrills and spills; some of the teams have made spectacular gains, others have lost money.

At the last count the team fielded by the Prudential, the largest insurance company in the UK, was in the lead, followed closely by Fidelity, the fund management group. Hoare Govett, the stockbroking house, was the only other team to have pushed its portfolio into six figures.

Messel, another London stockbroker, Nomura, the giant Japanese securities house, and Bell Lawrie, the Edinburgh-based stockbroking firm, were lagging behind the leading three.

All fared well in the first half of the race when the stock market was bullish, but only the three leaders have thrived in the more bearish mood of the second half.

Nevertheless, the teams have succeeded already in producing a "profit" of more than £700,000 on the original stake of £210,000 donated by Prudential Unit Trust Managers, the sponsor of the race. This means that their money has increased more than 10 times faster than the FT Ordinary Share Index during the same period.

Once the race is over, Charity Projects, the organiser, will be able to distribute the money. Meanwhile, the teams have just three days in which to liquidate their portfolios and—if they feel brave enough—to boost them with a final gamble.

The FT will report on the final positions next Saturday, but the result—and that of the FT Readers Race, which has run alongside the main event—will not be available until October 29 when the portfolios have been audited.

Alice Rawsthorn

Good, Bad and Ugly

COMPANIES QUOTED on stock markets worldwide will now get a new classification. Forget about old-fashioned labels like growth, hi-tech or high income. The latest categories are the Good, the Bad and the Ugly.

This is the latest brainwave of the financial services company NM Schroder Financial Management, a subsidiary of the major antipodean insurance giant, National Mutual Life Association of Australasia.

This new-style classification does not depend on simply what a company does, how secure it is financially or how profitable it is.

It is a classification based on how a company measures up *against ethical yardsticks and* will be used by NM Schroder for its latest unit trust launch today—the NM Conscience Fund.

Good companies, under this classification, are those which show: environmental awareness; a good track record in industrial relations and employee welfare; and a commitment to the environment and community welfare.

Bad companies are those which are involved in the taboo industries of armaments, alcohol, tobacco, gambling or pornography, or are involved in what is judged to be the unnecessary exploitation of live animals.

As for Ugly companies, they are those which operate in, or have close links with, oppressive political regimes.

Some companies, such as those making cigarettes in South Africa or mining metals in Chile, can be classified as both Bad and Ugly.

This classification forms the basis of the new trust's investment strategy which will be defined in a Charter of Conscience.

This charter will be agreed and signed by a Validation Panel, consisting of David Bellamy, Steve Robinson and James Rowland.

David Bellamy will need no introduction to TV viewers and his role in conservation and environmental issues is well known.

Steve Robinson and James Rowland are equally involved in these fields, Robinson now in the field of the commercial benefits of conservation and environmental factors and Rowland in issues of world poverty.

The investment selection will be made by NM Schroder's investment team under the watchful eye of the panel.

However, the fund will not be a purist one as regards South Africa. A minor involvement in that country or its economy, such as selling South African oranges, will not automatically put a company in the Ugly category.

What companies fall in the Good, Bad and Ugly classifications? NM Schroeder will not publish its own assessments for all constituents of the FT-Actuaries World Indices. But companies being considered for the fund (and by definition currently rated Good) include: BritOil, Glaxo, Marks and Spencer, Reuters, Bodyshop and Amstrad from the UK; Pepsico and Walt Disney from the US; and Perrier from France.

Companies that would fail to meet the Charter requirements include such major companies as Shell (South African involvement), GEC (armaments), BAT Industries (tobacco), Allied Lyons (alcohol), Pfizer (doubts over the use of animals in research) and Ladbroke (gambling).

Ethical investment is expanding rapidly worldwide and the marketing managers of several unit trust groups are seeing this as the latest sector to develop for new funds.

Investors to whom ethical considerations are of prime importance are now being offered a choice of funds, each with its own particular interpretation of ethics. It is for each investor, or his adviser, to check *that a fund's version of* ethics fits with his own views.

And it can be argued that even for investors with no pangs *of conscience* as far as their investments are concerned, ethical funds are worth con*sidering at present on purely* investment grounds.

First, the number of stocks eligible for inclusion is comparatively small, so with a proliferation of ethical funds the demand for these particular investments will grow. Ian Sampson, managing director of N.M. Schroder, expects to take several million pounds into the fund over the initial launch period.

Secondly, these funds will, by and large, be investing in smaller companies, which in the long-term, tend to perform better than large companies.

Finally, the funds will be investing heavily and early in what are being regarded as important new growth industries — namely health care and pollution control.

The minimum investment in the NM Conscience Fund is £500, with an initial 5 per cent and 1.25 per cent annual charges. The fund is classified as an international growth fund with an estimated yield of 1.5 per cent.

Eric Short

Decoding a yearly mystery

ANNUAL REPORTS and accounts are sent, by law, to all shareholders. Yet, while packed with vital information, they are a nightmare for the uninitiated. Very often they give experienced analysts a headache, so what chance does the poor "amateur" shareholder have?

Don't be daunted: armed with a handful of tools, the reader can prise a large amount from the documents—although it is important to remember that the information they contain is out of date, and so not necessarily an indicator of future performance.

This article describes the *tools that can help to make* sense of profit and loss accounts. Others in following weeks will consider balance sheets and funds flow statements. A final article looks at chairmen's *statements, directors' reports* and other narrative sections.

The profit and loss account should, by rights, be called the *profit or loss account*. It shows "the bottom line," in other words *whether* the company has made a profit and, if so, how much.

The key figure in the profit and loss account is "profit on *ordinary activities before tax.*" This is usually referred to simply as "pre-tax profit," and is the main indicator of a company's profitability — though it needs to be treated with care, as explained below.

Pre-tax profit is arrived at by taking turnover (the value of the company's sales during the year) and deducting two types of cost:

- Those directly linked to achieving the sales. These, known collectively as cost of sales, include such items as labour, raw materials and so *on*;
- Additional costs incurred in running the business. These include administration expenses and other costs; the interest paid on borrowings; and depreciation.

Depreciation is an estimate of the fall in value of the company's buildings, machinery, cars and other assets during the year. *It reflects the fact* these items wear out, and the amount of wearing out in each year is actually a cost that should be set against profits. For instance, if a machine cost £1,000 to buy and has an expected life of 10 years, then each year £100 depreciation should be charged against profits.

Pre-tax profit is therefore a crucial figure. Tracing how it has been arrived at can be an enlightening exercise.

It can hide a multitude of sins. A 25 per cent increase in profit, for instance, does not mean that the managers have done a marvellous job during the year—even though they may be very keen to proclaim this.

Points that should be borne in mind when considering profit include the following:

- Where have the profits been earned? Operating (or gross) *profit, which usually appears as* the third line in a profit and loss account, is arrived at by taking turnover and deducting the cost of sales. It is therefore a straight measure of trading performance. This will be a clearer indicator than pre-tax profit of how the company has performed in its underlying business.

By looking up the note signalled *here, it is often possible* to get a detailed breakdown of the profitability of different areas of the business. This is not required by law or accounting standards (self-regulatory rules devised by accountants which govern the form and content of accounts). But many companies provide an analysis *of sales in, and profits from,* each area of their activities.

This is vital information. It will show, *for instance,* where a company is moving away from its core activity, where the *profits of particular areas of the* business are coming under pressure, and so on.

- *How susceptible is* the company to external costs? If the company has borrowed heavily, *large interest bills will deplete* profits. A company which is a net investor of cash, on the other hand, may well have interest to add.

A large borrower or lender *is vulnerable to changes in interest* rates. The surest thing that can be said about interest rates is that the experts have no idea whether they are set to rise or fall—though they are all prepared to guess. From a pundit with little to lose but his reputation, that may be fine: but a company may have a lot more to lose than this.

- Are there any costs, or profits, that are outside the normal run of the business? Where significant, these will be identified separately.

Accountants make a curious distinction between those that are considered "extraordinary" and those that are merely "exceptional". The distinction is an important one: exceptional items affect pre-tax profits. Extraordinary ones, on the other hand, are those which are incurred beyond the normal run of a company's business. These appear "below the line" — in other words, *after* pre-tax *profits* have been calculated.

The distinction between the two turns on a hair. For instance, if a company spends money rationalising a subsidiary company it has just taken *over, is the spending extraordinary?* Is the profit on the sale of a company's headquarters exceptional? And what about the cost to banks of providing for losses on loans to developing countries? These examples are currently areas of debate within the accountancy profession.

Any reader of a set of accounts should look carefully at all such costs or receipts and reach his own assessment of their status, what they show about the company's management—and whether they are likely to recur.

- Are there any significant changes between items in the accounts for the year under review and the same item in the previous year? The *accounts* contain last year's figures as a comparison. It is worth examining each figure to discover any notable changes from one year to the next.

Against each item is a reference to a note at the back of the document. It is well worth looking up the notes: they may well help to explain the changes.

- How well have other companies in the sector done? If others have turned in profits up 50 per cent on the year before, is 25 per cent such a good performance?

Richard Waters

Barry Riley on why County unitholders are viewing a high-priced deal with suspicion

Britannia rules—amid worries

BRITANNIA rules. As announced last week Britannia Arrow, around number 10 in volume terms in the UK unit trust industry, *is* to buy the NatWest offshoot, County Unit Trust Managers.

The price of more than £40m was high enough to surprise many other unit trust managers. But Britannia must know what it is doing, because it has been involved in an amazing number of unit trust takeovers and mergers over the years.

Whereas Britannia unitholders are used to reorganisations of one sort or another, those of County are accustomed to stability and inevitably are going to be concerned about their fate. There must be a suspicion that if a high price has been paid, Britannia will try to get at least some of it back from unit-holders.

At the very best, County unitholders are going to be burdened with the nuisance of coping with trust mergers. At worst, they may face the poor investment performance which has marred Britannia Arrow's reputation in recent years; this must have been a factor in making the group keen to expand through buying a management company rather than by selling new units of its existing funds competitively in the market place.

First, though, a look at the eventual history of Britannia Arrow which has brought it into contact with a surprising number of colourful City of London characters over the past 15 years.

The name arose from Charles Ranald's 1960s' operation Castle Britannia, which was bought in 1971 by Jessel Securities. At the time Oliver Jessel was a high-flying City takeover merchant, but as the bear market exerted its grip his empire crumbled. Eventually, the receivers came in. The unit trust operation came under the hammer.


Jim Slater


Oliver Jessel

A similar fate awaited another City operator of the time called Tom Whyte, who ran the ill-named Triumph Investment Trust. One of his purchases was the National Group of unit trusts, actually one of the industry's oldest.

There is a story within a story here because the vendor was Sir Denys Lowson, a former Lord Mayor of London who had built up a secretive investment empire. Scandal erupted when it was alleged that the ailing Sir Denys had cheated his investment trust shareholders by creaming off a big profit from the National sale for his family. The police were preparing a case when he died.

At any rate, the deal did Triumph no good at all and within a year or two it also had collapsed, in this case because of its exposure to the secondary banking crisis.

At this point, financier Jim Slater enters the saga. Just before his financial empire in turn collapsed in 1975, Slater Walker Securities bought Castle Britannia and National for tiny sums; they were merged with Slater Walker's own unit trust operations. It turned out to be an excellent deal and the renamed Britannia Arrow group emerged phoenix-like from the ashes of Slater Walker, although minus Slater himself.

Although it was *only* a penny stock in market terms for a number of years, Britannia Arrow prospered and soon was taking over more funds. In 1980, it bought the South African-owned Schlesinger group. As before, the incoming unit trusts were merged and revamped in line with Britannia's own products.

Next came the 1986 takeover of MIM. This was a bit different because it was very much of a reverse management takeover, with senior MIM men rapidly ousting the top Britannia Arrow executives. However, there was yet another round of trust mergers, this time leading to their re-emergence under the label MIM Britannia.

Now in 1987 comes yet another deal. The £400m funds from County Unit Trust Managers will take the group unit trust total to around £1.6bn, *leapfrogging it up the league* table from around number ten to number six. But unitholders face, inevitably, another round of merging and renaming of the trusts. NatWest has insisted *that the County name must stay* in its own keeping.

At one level, County unitholders will be fully protected. Arrangements for safeguarding their interests have been carefully considered, NatWest asserts. According to unit trust industry experts, Britannia *Arrow's trust merger* documents and procedures are recommended as exemplary by the Department of Trade and Industry, which regulates unit trusts. After all, Britannia *Arrow has had plenty of practice* over the years.

However, County unitholders could face higher charges. Many of its trusts have initial fees of 5 per cent, and 0.75 per cent *annual management charges.* Most of the MIM Britannia funds charge 5.25 and 1 per cent respectively. It seems a good bet that the higher, rather than the lower, rates will rule when the funds are merged.

Moreover, Britannia Arrow has gained a poor reputation for investment performance; County, although not brilliant, was better. During much of *the early 1980s Britannia* Arrow was in marked relative decline, its unit trust market share falling from 6 per cent to under 2 per cent.

It maintained its profitability *through "box" profits made by* dealing in units, a process which can make shrinking funds highly profitable. But the bigger the profits made in this fashion by the managers, the *worse for unitholders who are* selling.

These drawbacks essentially relate to the old Britannia management. The new MIM team which came in roughly a year ago was dedicated to upgrading the investment performance. But it is too early to tell if it is likely to succeed in the longer term.

Latest performance figures for comparable trusts from the two stables show that nearly three-quarters of the County *funds were above average for* their sectors in the first eight months of the year, whereas the same could be claimed for only just over a third of the MIM Britannia funds.

County unitholders are not alone in facing merger proposals. A similar process awaits investors in the Oppenheimer funds, which were run by a subsidiary of the Mercantile *House group. Assuming that* the British and Commonwealth takeover of Mercantile House goes through, the £350m Oppenheimer funds are to be swallowed up by B and C's £700m *Gartmore unit trust arm.*

If badly-managed unit trust groups are absorbed by well-run ones, nobody can argue. In practice, though such deals may be the by-products of huge *conglomerate mergers; or, in* the case of NatWest, of a decision to fit in with new investment regulations arising from the Financial Services Act. There is no guarantee that in *such circumstances the best-run* trusts will emerge as top dogs.

Of course, if unitholders don't like their new managers they can always vote with their feet. But it could easily cost *them 8 per cent of their capital* to switch into another trust, not to mention the triggering of a capital gains tax liability.

FINANCE & THE FAMILY

Unit Trusts/Christine Stopp

Looking beyond the hard sell

A MASSIVE £5.9m is being spent to woo the potential unit trust investor into buying the new range of Royal Life trusts.

Unit trust operations set up by insurance companies are making a big impact on the industry, due to the groups' undoubted marketing muscle. In 1986 Standard Life leapt almost unbelievably from £660.8m under management to £1.94bn, making it the fourth largest group. Commercial Union's January launch took over £200m, causing an embarrassing administrative log-jam.

There is no doubt that the life companies are very good at taking our money. Is this because we expect them to be better at managing it? Life companies have won a good deal of support from intermediaries in selling their units. This is partly tied up with the "new trusts" theory: that new trusts in general perform better, and that life companies are better placed than most groups, because of their size and, *perhaps, their scope, for "performance manipulation."*

There have been some indications that the life offices' performance is above average. Sun Life is a good example. Following its launch in 1985, the group produced some striking growth figures in its first year or so of operations. It had seven trusts among the sector top tens at the end of 1986.

In Money Management figures to September 1, this record had cooled: seven trusts were showing growth below the sector average, and six were above, with very strong performances from Managed High Yield, which was second in its sector, and Japan Growth, which was seventh.

The same figures showed a similar record for the Pru's range, though arguably with more bright spots: to September 1 the group had five trusts performing below their one-year sector average and five above, with trusts in the top 10 in the Gilt Growth, North American, European and Japan sectors.

If there is a lesson to be *learnt, it is perhaps that there* is some performance impetus in a range of new trusts, but that this impetus cannot be kept up, across the board, indefinitely. Ultimately, no unit trust group can manage what they all aspire to: above-average performance across a whole range of trusts.

In an attempt to draw a more direct comparison between insurance company performance and that of other household name groups, the table takes five *groups from each category*, and shows their results in four of the main sectors. The results marked with asterisks are those which are *below* the sector average: with 14 of those out of a total of 34, the general result is not terribly inspiring.

The major groups have a fuller list of trusts than the life offices, which is partly due to their having been around longer and partly to life company policy relating to the balance between specialist and generalist trusts.

The UK general sector seems well managed by both groups. In UK Growth and Equity *Income the non-life groups predominate.* No one seems very inspired in the international sector, with the exception of the manager of the Holborn Communications trust.

I have included Royal Life's results among the life groups' category. The trusts shown are part of the existing group of eight which were launched mostly in the early eighties, and have been used as bond fund vehicles. Like a number of life companies, Royal Life have been unit trust managers for some years with a range of trusts which has not been marketed directly to the public. Their splash launch introduces three new trusts—International Cautionary, International Growth and International Speculative—which aim to bring in unitholders directly.

In practice, the fact of having a past record of unit trust management may be seen as a disadvantage to Royal's marketing push since, with the exception of their US trusts, the whole range has performed in no more than a mediocre fashion. While the two US funds stand at ninth and 12th respectively in their sector to September 1, the rest are performing below the sector average, except for the Equity Growth trust, which is 60th out of 135.

Is it not somewhat optimistic for the group to be selling so hard to the public on such a lacklustre record? Royal responded at their launch by saying they were not putting the emphasis on the sort of "top of the pops" performance-chasing which bedevils the rest of the industry.

This is all very well, but a *disquieting* feature of the Royal megalaunch has been the insistence on flotation-style marketing bezzazz, to the exclusion of *professions of* management expertise.

PERFORMANCE OF INSURANCE COMPANIES vs. THE REST

(Figures show offer to bid performance for one year to September 1, 1987. Bracketed figures are sector rankings. Where groups have more than one trust in a sector, the top performing trust has been taken).

Insurance Companies	UK General	UK Growth	UK Eq. Inc.	Intl. Gth.
Sun Life	58.5 (8)	*30.0 (126)	*43.6 (57)	27.7 (36)
Prudential	*39.4 (43)	*51.9 (82)	—	45.9 (16)
Scottish Widows	*31.3 (73)	—	46.5 (43)	*21.6 (55)
Provident Mutual	55.4 (9)	61.9 (61)	—	—
Royal Life	—	61.1 (64)	*36.4 (87)	*25.2 (44)
Other Major Groups				
M & G	67.0 (5)	72.1 (38)	50.0 (33)	*15.6 (84)
Save & Prosper	41.4 (29)	74.0 (35)	56.1 (20)	*25.9 (41)
Fidelity	*35.1 (62)	76.4 (31)	59.7 (29)	*9.0 (105)
Henderson	78.8 (1)	62.5 (57)	72.0 (5)	*25.5 (42)
Abbey	49.7 (17)	17.4 (34)	*45.0 (53)	—
Sector-avge/no. of trusts in sector	40.6 (92)	58.0 (139)	46.3 (105)	26.3 (111)

* Indicates below average performance. Source: OPAL.

Bob Huntley

Clients come first

PRIVATE investors generally have had a rotten time on the stock market since the Big Bang last October. After the earlier promise of cheaper dealing costs, with the abolition of fixed commissions, charges have gradually crept up to a higher level and the service to smaller investors, in particular, has deteriorated badly.

Overwhelmed by the business generated by privatisations and the booming market, stockbrokers have become increasingly uninterested and reluctant to accept clients with small portfolios. Even getting through to your broker these days is a major exercise with the phone staying unanswered or engaged, especially when prices are falling.

Early casualties were the dealing-only services that were supposed to provide a quick and cheap entry into the market. They have been scrapped, restricted to existing clients or have had their cost increased sharply.

Against this background, it comes as a surprise to find a company positively welcoming new clients, expanding its dealing-only services, and promising to be available constantly and to send contracts out on the day the order is placed.

That is the claim made by ShareLink, a personal share-dealing service launched in February in partnership with Albert E. Sharp, the Birmingham-based stockbroker.

ShareLink is the brainchild of David Jones, who has no broking background but decided *that the Big Bang and growth* in the number of investors provided the opportunity for a new approach to share-dealing services.

His experience is in marketing, telecommunications and computers. His first direct link with share-dealing was in setting up the British Telecom Share Information system in Bristol, *which dealt with more than* 1.6m enquiries on the group's privatisation. He then looked at a system for handling PEP schemes before deciding to seek a partner to help put his ideas into practice.

He says Sharp came top of the list because it has a large private client business, a good reputation, and was interested in the idea of a new approach. Essentially, this is that a pure share-dealing service does not need broking expertise but should concentrate on evolving efficient systems to handle transactions quickly and treat them as a normal marketing exercise.

ShareLink does not have dealers or traders; it has client service executives. The traditional system of a front office handling the dealing, and the back office the administration, has been scrapped. Instead, the client service executive handles the whole share transaction from start to finish, processing the orders and ensuring that contract notes are posted to the client the same afternoon.

The executives, who work in teams handling an allocated number of clients, are not brokers. They are mainly graduate trainees who, says Jones, have been parachuted into a broker's office to process the orders and behave as friendly, ordinary people rather than confusing or patronising *clients with their knowledge of* the stock market and its jargon.

Investors, after the first deal, are allocated a personal dealing telephone link to their own service executive. If the executive is away or engaged when the investor phones, the call is transferred quickly to another member of the team who has access to the necessary information. Jones estimates that the phone is always answered before the third ring.

ShareLink is price-competitive with other share-dealing services. It has a minimum charge of £15 for bargains up to a value of £1,200, and a maximum of £87.50 for bargains between £7,000 and the top level of £15,000. For bargains between £1,200 and £7,000, the charge is 1.25 per cent of the value compared with the pre-Big Bang minimum of 1.65 per cent.

ShareLink makes no pretensions about offering advice or background research: callers are told simply the approximate price of the share in which they wish to deal. The service is confined only to UK shares quoted on the Stock *Exchange, including the* Unlisted Securities Market (USM). Investors wanting a traditional broking service, with advice and research, are referred to Albert E. Sharp.

Jones claims that by breaking down the old barriers, he is bringing the Big Bang to the man in the street. Each investor is provided with a small booklet *explaining the service*, and containing a personal record card. These can be obtained by ringing 021-200 2242.

David Jones . . . breaking down the barriers

John Edwards

Investment Trusts

In the clouds

DECIDING TO go for investment trusts is the easy part. Deciding which one to pick is far harder.

If you are one of those investors climbing over the wall from the unit trust field, the good news is that your choice is far narrower. There are only around 200 investment trusts to pick from against more than 1,000 unitised funds.

The bad news is that investment trusts are a heterogeneous bunch. Whereas a unit trust is a fairly straightforward animal, investment trusts vary greatly in structure and are becoming more diverse. What, on a car, might be termed "optional extras," such as warrants and different classes of shares can afford exciting opportunities for investors but can be difficult to understand. Working out why and how discounts to net asset value move can also be hard to follow for the private investor.

However, to start with the basics, the most important decision must be to choose your trust management group. As with unit trusts, you can be greatly helped by past performance figures. These are published monthly by the Association of Investment Trust Companies. You can also pay more attention to pedigree than with unit trusts. Whereas open-ended funds have been around since the mid-1930s, some investment trusts stretch back to the Victorian age. Exotic names such as Foreign & Colonial and River & Mercantile pre-date the modern predilection for initials and abbreviations by more than 100 years.

Unfortunately the picture that appears from such qualitative and quantitative research can be cloudy. According to Ray Kelly, *an investment trust* analyst at broker James Capel, it was easy five years ago to mark out a good investment house from a bad one. Today, the increasing specialisation of trusts means that management groups are more like the curate's egg—good only in parts with patchy investment performance across a range of *funds.*

Still, some analysts maintain there are good rules of thumb to follow when picking a trust. Roger Adams of broker Alexanders Laing and Cruickshank would shun trusts run by merchant banks and prefers those managed by pure or almost pure independent investment trust groups.

"Merchant banks tend to put junior managers on to investment trusts and then move them on after two years. There's also room for conflicts of interest with the temptation to put the best shares into the bank's unit trusts or pension funds which may be considered more important for its future development," he said.

To Adams's regret, there are very few totally pure investment trust houses left. Even stalwarts of the industry such as Foreign and Colonial and Touche Remnant have felt the need to jump into the ever-expanding unit trust pool.

Another sound piece of advice is not to be tempted to go for the investment trust equivalent of a recovery stock. *Although much of the excitement* in investment trusts in recent years has derived from reorganisations and takeover bids at trusts run by lacklustre groups, analysts think it is a waste of time and money for private investors to look for the next candidate to come under fire.

"It's a mug's game," says Adams. Several likely trusts have been noted as likely targets for years, but the predators have not arrived and the funds have continued to underperform miserably. The presence of the raiders has narrowed discounts throughout the industry and undoubtedly chivvied up some of the more lax investment teams. But whereas the upside potential of a bombed-out industrial company's share is limitless, weak *investment trusts usually end* up being taken over with a bid worth just less than asset value.

Another basic choice must be made between general and specialist trusts. If you have a strong view on a particular sector—such as technology or energy—or a particular market—say, Japan or the United States—there are trusts there waiting for you. But if you choose a specialist trust you will probably be putting more *faith in yourself than the managers* of the trust you choose. Not even the smartest fund manager can perform miracles in a falling market or an unfashionable sector. The range of specialisations, already wider than unit trusts because of the *fewer* restrictions on investments, is expanding all the time.

One to consider

IF ANY BES fund can claim to represent the original spirit of the scheme, it is probably Industrial Technology Securities, which aims to invest in high-technology companies that have had difficulty in obtaining funds.

ITS was founded by a group of businessmen, including ex-British Steel chairman Sir Monty Finniston and ex-Plessey executive Len Whittaker, and offering hands-on management *is one way in which it claims* it is different from other funds.

The group has just launched its fourth fund; its three previous funds invested in 15 companies, of which only one has gone into liquidation; not a bad record for such a high-risk sector. Three investments in particular, Magnex, Zengrange and Palmer Environmental, are described as "notable successes."

In the past, investors have not been as enthusiastic about *ITS as they have been about* direct prospectus issues, and the previous funds fell short of their £2m targets.

However, hope springs eternal. With the help of sponsor Savory Milln, ITS is aiming for £2m again, and investors should give this fund serious consideration. It takes only one investment per fund to succeed to earn substantial profits; two successes would represent a potential bonanza.

Meanwhile, a sector that has *rarely had difficulty raising* funds — secured contracting — has made its first appearance of this financial year. Dix Belgravia, which raised £5m last year, is tapping investors' pockets again. Its target this time is £6m via the issue of 5m shares at £1.20 each, 20p higher than under the original offer.

Another direct prospectus issue is on the way from Mercia Venture Capital, the Birmingham-based group. It is sponsoring Treelinks — a Herefordshire soft fruit processing company, which is aiming to raise £600,000. Mercia has also launched its 1987-88 fund, which is open-ended. Potential *investments* include interesting names like Anthus (Stretch and Slim), South Derbyshire Ski Centre and Coventry Surgical Developments.

Octagon Investment Management is launching its sixth BES fund. Like ITS, it wants to raise £2m, although it asks for a minimum subscription of £3,000 per investor against ITS's £2,500. Octagon invests only in the "information industries," *namely computing*, telecomunications, electronics, advertising, publishing and broadcasting.

Philip Coggan

OFFER FOR SALE

BY ROYAL LIFE FUND MANAGEMENT LIMITED

Trustee to the issue: CHASE MANHATTAN TRUSTEES LIMITED

Under Offer For Sale in the United Kingdom

Units in the Royal Life International Cautionary Trust at 50p each
Units in the Royal Life International Growth Trust at 50p each
Units in the Royal Life International Speculative Trust at 50p each

1% DISCOUNT

Units purchased during the initial offer period, which closes at 5 p.m. on Wednesday 30 September 1987, will be offered to investors at 50p per unit. However, if you invest £500 or more, a discounted price of 49.5p per unit (a discount of 1%) will apply.

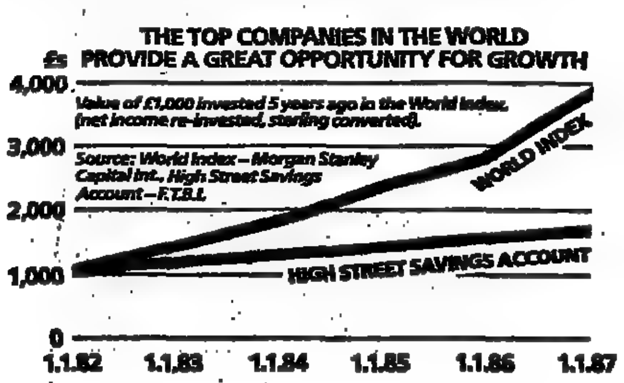
Unlike some share issues there will be no balloting or scaling down of applications. The Managers guarantee that all applications will be honoured in full.

YOUR OPPORTUNITY TO INVEST IN THE WORLD'S MOST EXCITING COMPANIES

Recent privatisations of nationalised industries and the opening of overseas stock markets have made owning shares easier and more popular. Flotations like those of British Telecom, British Gas, Rolls-Royce and TSB, have attracted millions of new investors. More people now own shares and appreciate their benefits than at any time in history.

But such flotations are only a small part of the picture worldwide. Investment opportunities exist in *many other major companies throughout the world* – in companies such as IBM, Honda, Nestlé, Marks and Spencer, Mitsubishi, McDonalds, Coca-Cola and many many more.

The chart below illustrates this by comparing the performance of the world's top companies with a typical high street savings account.



Unfortunately, investing directly into stocks and shares, to any worthwhile degree, is usually too risky or too expensive for most people. Indeed, many people have already seen their share applications scaled down dramatically and profits reduced by the costs involved in buying and selling shares.

There is an easier and safer way of investing in stocks and shares. And that's through a unit trust.

HOW A UNIT TRUST WORKS

A unit trust is really just a collection of professionally managed stocks and shares.

When you invest in a unit trust, your money is pooled *with that of other investors* to form the funds of the trust. These funds are then used to buy a wide range of stocks and shares, thus increasing potential profits and spreading the risks.

Depending on how much you invest in the trust, you will receive so many "units". Then, as the value of the stocks and shares within the trust moves up or down, the value of your units moves with it. It's as simple as that.

Over the last 10 years, the average unit trust has provided considerably greater returns than the average high street savings account. This is probably why more and more money is being invested into unit trusts – even more than building societies in recent months.

For the best returns, you should view a unit trust as a medium to long term investment. You should always remember that, just like shares, the value of units and the income from them can go down as well as up.

ROYAL ANNOUNCE THE LAUNCH OF THREE NEW UNIT TRUSTS

This new issue from Royal Life Fund Management gives you an investment opportunity more exciting and versatile than any single share issue.

Quite simply, the "Royal Event" is about investing in a wide spread of companies which, when harnessed together in a unit trust, have the potential to be exciting performers in the world's stock markets.

It consists of three unit trusts which offer different levels of risk and reward. You can invest as much – or as little as you like – subject to a minimum of £250 in each trust selected. Furthermore, if you invest a total of £500 or more you will receive a 1% discount on the price of units.

THE ROYAL INTERNATIONAL CAUTIONARY TRUST

The objective of this trust is to outperform the total returns from a typical high street savings account by providing a combination of income and capital growth. Twice a year you will receive an income payment.

The trust aims to offer a high degree of security and will invest primarily into fixed interest and similar securities (e.g. government bonds). The balance of the trust's funds, normally no more than 40%, will *be invested in top company shares around the world* which have produced consistently good returns.

THE ROYAL INTERNATIONAL GROWTH TRUST

The International Growth Trust will aim to give you significant growth with an acceptable degree of risk. Its objective is to outperform the FT-Actuaries World Index (a compilation of the world's top 2,500 largest companies) over the medium to long term.

The strategy will be to invest largely in the shares of international "blue chip" companies with a long established reputation for steady profits and growth. For example, major companies like Marks and Spencer, ICI, Ford and Kawasaki to name but a few.

A limited proportion of the trust will be invested for even more rapid growth in "secondary" world stock markets such as Taiwan and in companies set for major recovery.

The International Growth Trust's balance between security and risk should prove to be ideal for the majority of investors and particularly for first-time investors.

THE ROYAL INTERNATIONAL SPECULATIVE TRUST

This trust will aim for really outstanding capital growth, far in excess of ordinary high street investments, by adopting an adventurous investment strategy.

The Managers will seek out exciting companies worldwide and will be free to move swiftly and aggressively between all markets, exploiting new trends and sudden market changes. The portfolio may also include traded options and warrants, where appropriate.

With such a strategy the risk and potential rewards are both obviously high – this trust is only for the investor who is prepared, and can afford, to take greater risks in pursuit of spectacular returns.

THE ROYAL EVENT AROUND THE WORLD

Each of the Royal Life trusts is an international trust, investing in stocks, shares and securities around the world. This gives them an advantage over single share issues or more specialised trusts concentrating on one country, currency or sector. The Managers therefore have the facility to take full advantage of any investment opportunity that arises, anywhere in the world.

Furthermore, whilst currency movements can result in losses as well as gains, the Managers can protect the returns of each trust by "hedging" any currency risk.

Clearly, you should not expect an instant price leap when dealings commence. *But for discerning investors, this will be more than offset by the excellent prospects for capital growth in the medium to long term.*

Remember, the value of your unit holdings and the income from them can fall as well as rise.

THE ROYAL PEDIGREE

To many people Royal is a household name. Established in 1845, the Royal Group now deals with all forms of personal finance, insurance and investment. Currently, it manages assets in excess of £11 billion and is represented in over 80 countries.

Royal have brought together a team of highly experienced professionals to manage the three new unit trusts. In addition they will be able to draw on the resources of Royal's worldwide network of branches and investment centres. They can also call upon expertise from independent stockbrokers and *analysts from the world's financial centres*, as and when appropriate.

YOUR INVESTMENT CHOICE

As you can see, there are three international unit trusts offered for sale. In terms of reward, one is aiming for security, one growth and one a more speculative investment.

Each person is different. But most people will find that their needs can be met by one single investment in the Royal Life International Growth Trust.

To apply, simply complete the application, in full, indicating the trust(s) in which you wish to invest. Please remember the minimum investment in any one trust is £250, but there is a special 1% discount on the initial price of units if you invest a total of at least £500.

Then return the application, together with your cheque made payable to Royal Life Fund Management Ltd to: The Royal Event, P.O. Box 34, FREEPOST, Peterborough, PE2 0UE. No stamp is required.

DON'T MISS THE EVENT OF 1987

Post your application today – the initial offer closes at 5p.m. on 30 September 1987. And don't forget to enclose your cheque. Investments received after this date will be issued at the offer price ruling on receipt of your application.

We aim to despatch a contract note, confirming your investment, seven days after the official price is first published on 7 October 1987 – and your Unit Certificate, which confirms your ownership of the units, will follow during November.

Should you need any further help in completing your application, phone Royal (free of charge) on 0800 626 563. Lines will be open 7 days a week, 8a.m. to 9p.m.

ANSWERS TO SOME IMPORTANT QUESTIONS

WHAT ARE THE CHARGES?

Once only, at the time of your original investment, we make an initial charge of 5.25% for administration. Then, each year, we charge only 1% (plus VAT) of the value of your investment to manage it, although the Trust Deed permits this to be increased to 1.5% (plus VAT) subject to giving unit holders 3 months' prior written notice. These charges are automatically deducted from your investment. No additional payment is required by you. Remuneration is paid to approved intermediaries at rates which are available on request.

WHEN CAN I SELL MY UNITS?

Whilst unit trusts should be treated as a medium to long term investment, you can sell your units at any time. Indeed, we are *obliged by law to buy your units back from you* on demand at the "bid" price ruling on the day you wish to sell. To sell, you simply fill in the back of your certificate and post it to us. It usually takes about a week from the day we receive your certificate for you to get your money.

Unlike shares you do not need to deal through a stockbroker or other share dealing house and no charges are payable by you on realisation.

HOW CAN I FIND OUT HOW MUCH MY INVESTMENT IS WORTH?

You will receive a certificate which shows the number of units bought in each trust. The prices and yields of these units are calculated daily and appear in the financial press. They will first be published on 7 October 1987.

WHO ARE THE MANAGERS?

The Managers and Registrar to the Trusts are Royal Life Fund Management Limited. (Registered Office P.O. Box 30, *New Hall Place, Liverpool L69 3HS. Registered No. 1609627*).

The Managers may use all investments and investment techniques which may be authorised for investment by unit trusts in the future, provided they are consistent with the investment objectives of the respective trust and the Managers consider their use to be in the interest of the unit holders.

The stocks and shares quoted as examples in this prospectus are typical of the securities that will be held in the three trusts. The securities mentioned may not necessarily be included in the trusts as our view of various shares and markets will change as time passes.

CAN I TAKE AN INCOME?

Yes. If you invest in the Cautionary Trust, which aims to combine capital growth with a degree of rising income, you will receive income payments twice a year – on 15 April and 15 October. The first payment will be made on 15 October 1988. The estimated gross initial income yield for the Cautionary Trust is 4.26% p.a.

The aim of the Growth and Speculative Trusts is to achieve substantial capital growth and all net income is automatically re-invested. Investors in these trusts will receive a tax deduction certificate and a report from the Managers in August (Growth) and May (Speculative) each year.

Reflecting their objectives of capital growth, the estimated gross initial income yields on the Growth and Speculative Trusts are relatively low; they are 0.64% p.a. and 0.43% p.a. respectively.

WHAT IS THE TAX POSITION?

Basic rate tax (currently 27%) is deducted only from income payments, whether withdrawn or re-invested. If you pay *basic rate tax, there is no further tax on income* (just like a building society). If you pay higher rate tax, you will be required to pay some more tax at the end of the year.

However, unlike building society investments, non-taxpayers can reclaim income tax which has already been deducted.

The first £6,600 of realised chargeable gains in any one tax year is free of all taxes. In the longer term the rate of inflation can be applied to reduce any chargeable gains.

WHAT IS THE ROLE OF THE TRUSTEE?

The Trustee is appointed to hold the assets of the trusts, to safeguard the interests of all unit holders and has overall responsibility to ensure that the rules of the trusts are being kept. The Trustee is Chase Manhattan Trustees Limited, P.O. Box 16, Woolgate House, Coleman Street, London EC2P 2HD.

The Trusts are authorised by the Secretary of State for Trade and Industry and classified as wider range investments under the Trustee Investment Act, 1961.

Note: The units and the trusts have not been registered under the appropriate US legislation and units may therefore not be offered, sold or delivered directly or indirectly in the US or to a US person.

ROYAL EVENT APPLICATION FORM

OFFER CLOSES 30 SEPTEMBER 1987
1% DISCOUNT FOR £500 OR MORE

The Royal Event of 1987,
P.O. Box 34, FREEPOST, Peterborough PE2 0UE.
PLEASE USE BLOCK CAPITALS

First Applicant
Surname (Mr/Mrs/Miss/Ms) ____________________
Forename(s) in full ____________________
Second Applicant (If Trust(s) is to be in joint names)
Surname (Mr/Mrs/Miss/Ms) ____________________
Forename(s) in full ____________________
Address of First Applicant ____________________
____
__________ Postcode __________

Do you currently hold any Unit Trusts? Yes ☐ No ☐ Shares? Yes ☐ No ☐

I/We wish to invest (minimum £250 per trust) and enclose my/our cheque for the total made payable to Royal Life Fund Management Limited.

£	in the Royal International Cautionary Trust
£	in the Royal International Growth Trust
£	in the Royal International Speculative Trust
£	Total Investment

I declare that I am over 18 years of age and I am not a US national or a resident of Eire.

Signature(s) (All applicants must sign)	Date
	/Sept 1987
	/Sept 1987

Name of Financial Adviser (If any) ____________________

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· FINANCE & THE FAMILY ·

Eric Short welcomes a house contents policy offering no-claim discounts

A little Xtra helps

AT LAST a house contents insurance policy that rewards those who make only infrequent claims has come to the market — in fact, two such contracts appeared last week.

For decades, motorists who do not make claims on their motor insurance policies have paid lower premiums through the operation of a no-claims discount system.

But for house contents insurance, the householder pays the same level of premium irrespective of his claims experience. This is in complete contrast to commercial property insurance where the underwriter takes the claims experience into account when assessing the premium.

The insurance companies themselves may have been put off by the lack of success of earlier attempts by two of its major insurers — Eagle Star and General Accident — to operate a No Claims Discount scheme for houseowners.

A growing number of insurance companies are giving premium discounts on a variety of factors—if householders take adequate security measures; if they belong to a neighbourhood watch scheme; if they lag their internal water pipes; and even if they have reached a certain age.

But these moves, welcome though they are, are essentially attempts by the insurance companies to try and stem the ever rising level of claim payments by encouraging householders to be security-conscious against thieves and be prepared for a cruel winter.

It has taken Britain's largest building society—the Halifax—to point out that the most straightforward way of discouraging claims is to reward non-claiming householders through lower premiums. This is the basis of its new contents insurance policy—Contents Xtra (underwritten by a panel of insurance companies) led, ironically, by General Accident.

The policy is available only to householders who are Halifax borrowers or investors of at least three months standing. The householder must not have made more than one claim on his previous contents insurance policies during the last three years. Halifax is accepting the householder on trust for this.

The premium rating for Contents Xtra is thus based on lower numbers of claims with the saving being passed immediately to the householder. Some idea of the savings involved can be gauged by the renewal terms on the contract.

- A householder who does not make more than one claim in any three-year period will continue to pay the same premium.
- If, however, he has two claims in a three-year period the premium is increased by 25 per cent.
- If the householder is unfortunate enough to have three claims in the period then the incerase is 50 per cent. But, like most NCD schemes the premium benefits are restored with each successive claim-free year.

The other important features of Contents Xtra is that first it adopts the new but growing concept of basing the premium on the size of house—in this case on the number of bedrooms. Then, it does away completely with the need for the householder to ascertain the replacement value of his contents.

With most contents insurance policies, the householder still has to make an accurate value of the contents and keep this value up to date—a difficult and time-consuming task. This determines the sum insured and from that figure the premium is calculated.

The odds are that the householder finishes up by guessing the value of his contents, getting too low a value and thus being underinsured.

The new style of the Halifax scheme is for the insurer to calculate the average value of contents for various types of houses and base the premium on those values The premium will be quoted for each type of house and the insurer will pay out on claims up to a certain amount. The householder has no need to adjust the cover when buying or replacing items. This is included within the overall limit.

With Contents Xtra, the premium is based on the rating district (there are five) and the number of bedrooms, with an overall limit of £30,000.

The other main feature of this policy is that premiums are paid monthly without any penalty. Householders can pay annually, but the amount is 12 times the monthly figure.

The premium still varies according to the geographical location, based on the now standard post code system, with five rating areas. The theft risk in London gives it the highest rating.

The table shows premium comparisons for two widely separate rating areas, with recently launched contents policies from major insurance companies.

The whole objective of this scheme is to pick out the good risks and charge lower premiums. In this respect, Contents Xtra goes further and offers a further 10 per cent reduction if the householder is aged 60 or over and retired—reflecting the fact that these people are more likely to be in the house during the day, cutting down on risks.

Householders will have to meet the first £50 of loss themselves, unless they are willing to pay an extra 10 per cent on the premium.

Another new policy, the Houseplus 2 contents insurance policy from Municipal General Insurance operates its No Claims Discount scheme in arrears. If the householder has a 12-month period free from claims, there is a 25 per cent reduction from the renewal premium.

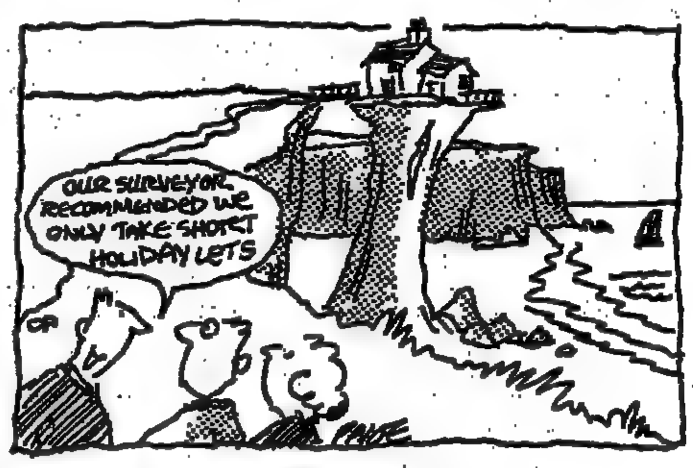
Comparisons of premiums under Houseplus 2 with other contracts is tricky, since this policy combines all risks and freezer in one contract and is sold in units of £2,500 sum insured with a minimum of £10,000.

COMPARISON OF CONTENTS INSURANCE PREMIUMS
Contents valued at £20,000—£50 excess—security locks on doors and windows.

	3-bedroom bungalow North-east Kent	2-bedroom house London W14
Halifax Contents Xtra (a)	£54.00	£152.40
Royal Insurance HomeShield	£62.00	£209.20
Commercial Union Homebuyer	£67.83(b)	£143.52(c)
Commercial Union Silver Key (d)	£94.00	£194.00
Sun Alliance Home Insurance (e)	£80.00	£200.00

Keys: (a) maximum sum insured £30,000; (b) maximum sum insured £19,000; (c) maximum sum insured £16,000; (d) no excess; (e) £25 excess.

Let with advantage



RAY AND JANE enjoy the countryside. Although they do not want to visit it every weekend, they would enjoy a place of their own. Ray has suggested they buy a cottage which Jane can furnish and which they can rent on short lets when they do not intend to be there. The tax considerations also favour this suggestion.

Before 1982, there was considerable uncertainty as to whether the work involved with running furnished holiday accommodation was sufficient to classify the revenue as income from a trade or income from property. There are more tax advantages associated with trading income — such as more flexible loss relief, capital allowances and generous deductions for expenditure incurred—than with income from property.

The matter finally was decided in favour of the Inland Revenue in the case of Gittos v Barclays in 1982; money from furnished holiday accommodation was to be treated as income from property, not from a trade. This caused considerable concern in the holiday industry and, in 1984, legislation was introduced (back-dated to April 6, 1982), to ease the harsh effects of the decision.

The legislation provided that while the income was still to be treated as coming from property, the majority of the tax advantages associated with running a trade would be grafted on top.

Briefly, the main tax advantages now associated with furnished holiday accommodation are these.

- All spending that would have been deductible from income if the holiday lets had been treated as a trade is deductible from the letting income. The most notable inclusion is interest payable on a loan raised to buy the property.

Interest is not normally deductible from income from property but is deductible from money received from furnished holiday accommodation. This will be deductible regardless of what other property you own or how much the loan is, provided the interest is at a commercial rate.

All other spending will also be deductible such as rates, maintenance, services and electricity—provided it is incurred exclusively and wholly in providing the holiday accommodation. Spending for domestic or private purposes will not be deductible. Therefore, some spending might have to be apportioned between personal and business use.

Deductible spending also will include qualifying expenditure incurred wholly and exclusively for the furnished accommodation before the property is first let.

- Capital allowance will be available—at a rate of 25 per cent a year on a reducing balance basis—on the cost of such assets as fridges and cookers, bought either new or second-hand, for use in the furnished holiday accommodation.
- Full loss relief is available. So, if deductible spending and capital allowances exceed the income from the holiday lets, the resulting loss can be set off in the same way as would be possible if it were a loss arising from a trade.

For instance, if Jane arranges the holiday lets and makes a loss of £10,000, this can be set off first against her other earned income, then against Ray's earned income, and finally Ray's other income (including Jane's investment income).

Thus, to the extent that the loss exceeds Jane's income, it would be deductible against Ray's income chargeable at his top rates of tax.

- The revenue is treated as earned income. This could be an advantage to Ray and Jane if, for example, she does not earn any income.

Assuming Jane arranges the letting of the holiday accommodation, any rent received by her will be treated as her earned income against which the personal relief attributable to her earned income could be offset. Further, depending on how much profit is expected, it could be to their advantage to elect for separate taxation, thus using not only her personal allowance but also her lower rate bands.

This, though must be considered together with the national insurance disadvantage. Jane could find herself liable to pay class 2 and 4 NI contributions.

Among other tax advantages:

- The revenue is treated as relevant income for retirement annuity relief.
- The income tax is payable in only two instalments—on January 1 and July 1.
- The income will be treated as relevant earnings for personal pension schemes.
- Relief from capital gains tax will be available on the sale of the holiday accommodation if the other conditions of either, rollover relief for replacement of business assets, or transfer of business on retirement relief, are satified.

To qualify for these tax advantages, the holiday property must be run on a commercial basis. It must be:

- Let as furnished holiday accommodation on a commercial basis.
- Available to the public (not just friends and acquintances) for letting for at least 140 days each year and actually be let for 70 of them.

In addition, each individual occupancy must not normally exceed 31 days during a period of at least seven months (which need not be continuous but does include the actual lettings).

It is not possible to buy a cottage, rent it out to friends for a nominal sum, and get the tax advantages. However, it is worth noting that the property does not have to be in a traditional holiday location like the Cotswolds or Cornwall. It can be anywhere in the UK—which would, of course, include London and Home Counties.

Caroline Garnham

Irish appeal

A PACKAGE that offers guaranteed income for five to 10 years, plus the opportunity for capital growth or additional income, is planned by Irish Life Assurance to have a special appeal to "mature" investors (a polite name for those in the age group between 50 and 70).

The scheme, to be launched on October 12, combines the purchase of a temporary annuity (paying a guaranteed monthly sum over five or 10 years) together with a unit-linked investment bond which should provide capital growth and extra income if required.

The Universal Guaranteed Income Account is similar to a single premium investment bond. But instead of all your money being invested in managed funds, a proportion is used to buy a temporary annuity (for either five or 10 years) which provides a guaranteed income with a favourable tax rate.

Having bought the annuity, the rest of the investment is put into a unit-linked bond.

The advantage of the bond is an automatic facility allowing you to withdraw up to 5 per cent of the original investment, free of standard-rate income tax, in case you require extra income. Withdrawals of this kind, of course, reduce the capital-earning power of the bond but can help top up income if the need arises.

For the five-year contract, 64 per cent of your money is put into the bond part and the remaining 36 per cent is used for the annuity. For the 10-year version the proportions are reversed, with 40 per cent going to the bond and 60 to the annuity.

Irish Life estimates that a man aged 65 investing £10,000 over 10 years would earn a guaranteed income of 8.91 per cent a year by purchasing an annuity for £5,982, leaving £4,108 for investing in a bond which would grow to £10,000 (assuming a 10 per cent annual rise in value over 10 years). The return on the bond, of course, is not guaranteed.

Minimum investment in the scheme is £5,000. There is an initial charge of 5 per cent and a management fee of $\frac{1}{12}$ per cent monthly.

John Edwards

• FINANCE & THE FAMILY •

Risky for amateurs

My father has been giving what he thought were exempt gifts (ie within the legal limit) to his children over a period of about 30 years. He did not declare them on his tax return. They were, however, paid into a bank account on which he had authority to sign. He has been told over the phone by an employee at the Capital Taxes Office that the gifts are not valid and that he will be liable for excess income tax and death duties on the whole amount. He is now over 80, and terribly worried that the Revenue will take everything from himself and his children.

Much of the money he "gave" however, has been used by his children to buy houses etc or invested in other accounts, eg, building society on which he does not have authority to sign. Would such money become a valid gift? My father would have no way of recovering it. In the case of money which still remains in an account on which he does have authority to sign, what would be his best course of action?

Should my father consult a local solicitor or accountant? How can he find someone sufficiently expert in these matters?

Is there any limit on the number of years the Revenue can go back, and would a bank be likely to still have records going back 20 years Should my father consult a local correspondence with the Revenue now, or would that be likely to prolong his period of worry?

As we have warned our readers from time to time, over the years, do-it-yourself tax avoidance is a risky game for amateurs. Trying to avoid both tax and the fees of tax experts often ends, many years later, in financial disaster. Since your father faces a likely investigation into possible income tax liabilities for past years—under chapter III of part XVI of the Income and Corporation Taxes Act 1970 and its predecessors, for example—he should waste no more time, but should immediately seek out a good accountant or solicitor who is skilled in this type of situation. If no friends or business acquaintances can recommend a suitable firm, then it will probably be safest to contact the local office (or associates) of one of the national firms. The Revenue's penalties for neglect are often mitigated if the taxpayer makes the first move, rather than simply keeping his head down until the taxman comes to call. In the circumstances outlined, there is probably no effective limit on how far back the Revenue's investigators can dig. If the relevant documentary evidence has been destroyed (as seems likely from what you say) by your brothers and sisters, then it will be difficult to rebut a presumption by the Revenue that the events in years for which bank statements etc. are available were mirrored in earlier years, for example. In the end, it will probably come down to making an offer to the Revenue on account of the tax lost, plus interest and penalties—which is why skilled assistance is essential, despite the high cost of such skilled and time-consuming work. The children may wish to consult independent advisers — to see whether they may be called upon to contribute, if your father should be made bankrupt.

Retiring little wines

My husband and I are considering the possibility of retiring to France and one of the many factors which we must take into account is over our existing wine "cellar." Over the past 10 years we have purchased a quantity (1,000 bottles approx) of fine wines and vintage ports which are at various stage of maturity and which we would hope to be able to consume within our lifetime. If we decide to transport the wine (the bulk of it French) to France, will it attract any tax? If so, we may decide to sell that part of it that will not be mature enough to consume before we leave. In this event, will we be liable to pay capital gains tax on the proceeds and if so, how will it be assessed given that we have not kept detailed records of the purchase price of most of the wines.

On the bare facts outlined, the contemplated sales should not attract either an income tax or a capital gains tax liability. Our Briefcase service is limited to the laws of the UK.

Apartments in the sun

We own an apartment for 14 days in Tenerife in perpetuity. The owners are registered in the Isle of Man where the governing laws apply.

We also own an apartment for 14 days in Malta for 25 years. The resort club is registered in England and the laws of England apply.

The £6,000 or so capital sum however is no longer producing interest in this country.

(1) Should I report these purchases now to the inspector of taxes and am I likely to be asked to pay any tax as a benefit in kind?

(2) In the event of the death of one of us should one or both properties be declared for inheritance tax?

1. No, to both parts of the question. The Inland Revenue are no longer asking for details of chargeable assets acquired.
2. Yes.

In the event of a sale of your rights of occupation, the wasting-asset rules of capital gains tax will probably bite—so you may be faced with a chargeable gain greater than any actual gain, and may even be faced with a chargeable gain although you actually sell at a loss.

Paying for housework

I would be grateful if you could confirm whether or not it is possible, under a 'deed of covenant,' to offset a portion of the cost of the following situation against tax.

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

My common-law wife does not work but stays at home to look after our three children (all under two and a half years). She last worked some 14 months ago.

Can I arrange to pay her to continue staying at home to look after the children and offset any of the cost against my tax liability? If so, what would be the maximum I could pay without encountering NI contributions, tax in her own right or other penalties which would affect the payment? Also, what would the tax benefit be to me being a tax payer at the standard rate?

Ask your tax inspector for the free pamphlet on deeds of covenant, IR74. It is virtually essential that the beneficiary has a bank account into which the covenanted payments can be paid (and on which you have no power to draw). It will be necessary to demonstrate that you do not derive any indirect benefit from the covenanted payments: eg the beneficiary must not pay for food etc. which is or may be consumed by you (unless you have separately supplied the money for such expenditure).

Caught in a tax maze

One year ago my wife and I separated, having sold the previous family home and split the money derived.

She purchased a property outright. I needed to use my proceeds in a variety of ways. The first and most important was to provide somewhere to live for my son. I purchased a flat on a mortgage, and using MIRAS for the balance of the purchase price to use my £30,000 tax relief. My son lives there, but I designated this property in my mind as being my prime domicile. I lived in rented accommodation associated with my occupation. I have now purchased a property for my own occupation. I was offered MIRAS relief by the building society—but refused it on the basis that I was already receiving this, and told them why. I would expect to sell the flat at the end of next year as my son will no longer need it.

What is my position regarding CGT on the sale of the flat? Did I need to refuse to accept the MIRAS relief—as I am providing accommodation for a relation. Could I have legitimately accepted both MIRAS reliefs?

From the bare facts outlined, it looks as though (a) you were not entitled to MIRAS on the flat mortgage interest, (b) you are entitled to MIRAS on the mortgage interest for the recently purchased property, and (c) the sale of the flat will be fully within the charge to CGT. It is a pity that it did not occur to you to seek guidance through the tax maze from the solicitors who acted for you in the purchases (and mortgages). All good solicitors are prepared to advise on the tax aspects of domestic property transactions, as an integral part of their conveyancing service. As a first step towards clarification (and rectification) of your tax position, you may like to ask your inspector for the following free pamphlets:

CGT4 — Owner-occupied houses;
IR11 — Tax treatment of interest paid;
IR30—Separation and divorce;
IR63—MIRAS.

Claim for interest

With reference to the query headed "Claim for interest" (September 5), London and *Manchester (Pensions) asks us* to point out that the pension scheme in question was subject to the terms of an assurance policy which provided a package of services, and was not simply a pensions investment vehicle as implied. The discontinuance of the scheme has been dealt with in accordance with the terms of the policy. It is regretted that the facts of the case were not totally as stated in the query.

CHESS

AMATEUR chess players who take their game seriously and would like to improve face a chronic dilemma in choosing a suitable opening repertoire. If you select sharp and up-to-date lines such as fashionable Sicilians or King's Indians, you might be overwhelmed by the sheer volume of relevant published data. A grandmaster can keep up with *Informators, Tournament Chess, Chess Express* and the latest tournament bulletins, but it is too much for the non-professional to handle.

On the other hand, playing by general principles of development is insufficient, particularly with the white pieces. Nondescript openings often result in passive positions.

One of the best approaches to the problem is to specialise in king's side open games after 1P-K4, P-K4, avoiding the well-trodden *Ruy Lopez* 2 N-KB3, N-QB3; 3 B-N5. Such system play implies prepared lines against alternative Black defences like the Sicilian 1 . . . P-QB4 and the French 1 . . . P-K3, but here White reasonably can vary as early as move two by P-Q3.

At various times in recent years, there have been fashions in British club chess for the Vienna (1 P-K4, P-K4; 2 N-QB3) or the Evans Gambit (1 P-K4, P-K4; 2 N-KB3, N-QB3; 3 B-B4, B-B4; 4 P-QN4) as the chosen vehicles for open play with attacking chances. They had their successes, but eventually the analysts discovered counters.

At present, the most promising open system is the Scotch Game, analysed very well by George Botterill in one of the best Batsford monographs. White relies on superior development and does not normally gambit a pawn, a consideration when an opening is used in club chess with adjudication after 30 moves. In this week's game, the Scotch catches a grandmaster.

White: J. van der Wiel (Netherlands). Black: B. Gulko (US). Scotch Game (Amsterdam Ohra, 1987).

1 P-K4, P-K4; 2 N-KB3; N-QB3; 3 P-Q4,PxP; 4 NxP, B-B4. Alternatives are 4 . . . Q-R5 or 4 . . . N—B3: 5 NxN, NPxN, 6 P-K5. 5 N-N3, B-N3; 6 P-Q4, P-QR4.

White's plan was P-QR5 followed by later R-R4 and chances of a R-switch to the king's side. Stopping this plan, Black *weakens his QN4 square while* his advanced pawn proves vulnerable.

7 N-B3, P-Q3; 8 N-Q5, B-R2; 9 B-QN5, B-Q2; 10 0-0, N-K4; 11 B-Q2!

Improving on the book 11 BxB ch, QxB; 12 B-K3 with a level game. If now 11 . . . P-QB3; 12 BxRP,P-QN3; 13 B-N4! PxN; 14 QxP, BxB; 15 PxB,N-K2; 16 *Q-N7 regains material with advantage.* Taken by surprise, Black concedes a pawn without compensation.

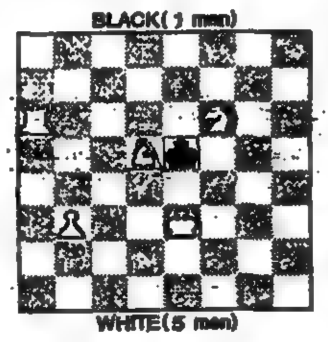
11 . . . N-KB3; 12 BxP, NxN; 13 PxN,BxB; 14 PxB, 0-0; 15 B-B3, Q-N4?

Now White wins by *force*, but if Q-R5; 16 B-Q4 Black's counterplay is stopped.

16 RxB! RxR; 18 P-B4, Q-R3; 19 Q-Q4, N-N5; 20 P-R3, R(2)-R1; 21 PxN, KR-K1; 22 N-Q2, R-K7; 23 N-K4, Resigns. Black is down on material and position, while White is poised for a winning attack.

PROBLEM No. 689

BLACK (1 man)



WHITE (5 men)

White mates in three moves, against any defence (by R. F. Fegen, 1965). As often in chess problems, White's material superiority is a mixed blessing. The natural move 1 B-K4 concedes a stalemate draw, while otherwise the black king is ready to sprint for the exit by K-B4 and K-N4.

SOLUTION PAGE XXI

Leonard Barden

BRIDGE

LAST MONTH, two interesting hands occurred—the first is from duplicate pairs:

N
♠ 3
♡ A Q 10 5
◇ K Q 8 4
♣ A 9 7 6

W
♠ A K J 10 9 8 4
♡ 8 3
◇ 7 5
♣ 3 2

E
♠ Q 6 5
♡ K J 9 6 2
◇ J 10 9 2
♣ 10

S
♠ 7 2
♡ 7 4
◇ A 6 3
♣ K Q J 8 5 4

West dealt at game all and bid three spades, North doubled, and South's jump to five clubs concluded the auction. West led the ace of spades, and switched to the eight of hearts. Taking with dummy's ace, declarer crossed to his club king, ruffed a spade on the table, and ran four rounds of trumps. In the five-card ending East held the heart king and his four diamonds intact. On the last club East threw his heart, and the declarer's seven was now good. East had been squeezed. At most tables South played in five clubs, and the result entered on the traveller was 5 ♣ +1, 620 to North-South. If West, instead of leading the eight of hearts, leads the three, the squeeze is destroyed, and South is held to 11 tricks.

At one table South played in *six clubs, and West, after* making his ace of spades, switched to the seven of diamonds — hardly the recommended lead.

The declarer won, and after he had ruffed his spade and drawn trumps, he cashed the ace of hearts—the Vienna Coup—and ran trumps. But now West held the eight of hearts, and South's seven was no longer a menace.

This was surely the height of irony. The declarers, who played in five clubs, made 12 tricks because West made a reasonable switch to the eight of hearts—technically, I suppose, the three is correct—and the declarer, who reached a reasonable contract of six clubs, was defeated because West made an *inferior* switch to the seven of diamonds.

The next hand comes from a rubber:

N
♠ Q J 5
♡ Q 10
◇ A Q 6
♣ K Q 9 7 2

W
♠ 10 8 3
♡ A 6 3 2
◇ 10 9 7 2
♣ A 3

E
♠ K 9 6 4
♡ K J 9 8
◇ K J 4 3
♣ 5

S
♠ A 7 2
♡ 7 5 4
◇ 8 5
♣ J 10 8 6 4

At game all, with North-South 60 and East-West 90 below, my partner, North, dealt and bid one no trump. Normally I would pass, but because of the opposing part score I decided to bid two clubs, prepared to play in three, to discourage any intervention from West. My partner nearly passed—so she told me later—but made the normal response of two diamonds. I had to go three clubs, and all passed.

West led the ten of diamonds. I took with dummy's ace, and led a club to knave and ace. East won the *diamond* return, and a third diamond was ruffed in hand. I led a heart to ten and knave, West won the next heart, and exited with his club. Taking with the king, I ran the spade queen, which won—East should have covered. I can, of course, ruff my last heart in dummy, but with North holding more trumps than South, that does not gain a trick. I decided to play an Illusion Coup, and ran all my trumps. In such a case the defenders are apt to think that the declarer cannot hold another heart, and throw away all their hearts.

The Illusion Coup—I brought it off a few years ago in the Guardian Pairs—did not work this time, but I was able to squeeze East. I ran dummy's trumps, carefully unblocking my ten, and East had to throw his heart king or unguard the diamonds.

Incidentally, a heart lead and a diamond switch beats one no trump.

E. P. C. Cotter

•TRAVEL•MOTORING•

Away from sophisticated French cities and resorts, our writers visit a mountain nature reserve and an almost forgotten part of rural France

On safari through Alpine meadows

ONE OF the joys of going south into Europe is the opportunity to wear shorts on most occasions, although in the Vanoise, in the French Alps, the weather was a little uncertain. A cool wind whipped around our knees, but the warmth in the sun suggested that the climb ahead might be hot, so we wore them just the same.

The path led steeply away from the road, past a sign set in the rock telling us we were entering Vanoise National Park. Here we followed its gentler slope through a rocky gorge cut by a rushing stream.

Gradually the tops of the mountains appeared around us. A glacier peeped over the horizon and was slowly revealed as we ascended, while far below the road had clearly lost confidence in the route we were following and had swung away to hug an adjacent mountainside.

Apart from the cry of an occasional bird and the chattering of the meltwater stream as it tumbled under dirty grey bridges of ice, all was quiet. Then, quite abruptly, we stepped from a narrow defile into a vast emerald Alpine meadow. The flowers that patterned the grass or concealed themselves coyly in rocky crevices were mostly small and brightly coloured.

There were the yellow and white blooms of mountain avens in abundance, together with their strange twisted seed heads. Moss campion was growing so thickly in places that the ground was almost completely pink with flowers. Among the rocks were gossamer-covered clumps of cobwebbed houseleek, sporting long-stemmed pink blooms, and small bunches of whorled lousewort. Here and there, Grass of Parnassus displayed its beautiful white flowers, whose petals are delicately veined with green.

The variety of flowers was so great that a number remained unidentified even by the expert in alpine flora with whom I was lucky enough to be sharing the walk, although their beauty and abundance was not diminished for that.

Two plans were readily identifiable even to the botanical novice. The first was eidelweiss, whose furry white petals I dimly remembered from the label on the bottle of liqueur of the same name I had once seen as a child. The *second was the spring gentian*, although I was unprepared for the electric blue of its live blooms to which no photograph can do justice.

There were still other surprises awaiting us as we made our way towards the grass. Alpine choughs, black members of the crow family with red legs and yellow bills, rolled and tumbled aerobatically or searched the ground for food. Crag martins, a stockier sort of *sand martin*, flew back and forth on insect-collecting expeditions before returning to their mud nests fastened to the rocks.

And almost at our feet were dozens of Alpine marmots. Their dens were marked by heaps of excavated earth upon which these delightful rodents would sit upright in order to give themselves a higher vantage point from which to spy danger.

They are diurnal animals, about the size of a brown hare but with shorter legs and ears and a long bushy tail. The frequent passage of brightly-clad walkers had made them quite confiding, and it was easy to get good views of them even when they had young.

For lunch we stopped at a refuge that overlooked the grassy plateau. This was no rude mountain hut but a two-storey building capable of sleeping 35 people. Here our younger son, on his first visit to France, became a confirmed francophile. His hot chocolate drink arrived in a bowl with a large spoon for stirring in the sugar. "Gosh," he exclaimed. "Chocolate soup."

Our refuge was one of almost 40 similar properties in the National Park, each of which varies in size and in the facilities provided. Some are large, sleeping in excess of 100 people; others are comparatively tiny. Many have a warden for all or part of the year who looks after the accommodation and attends to the catering. From the presence of a pack mule grazing outside, it was apparent that our food had been carried up the mountain on its back.

Encompassing an area of 53,000 hectares, the Vanoise is a big place and there are numerous opportunities for walking among its many summits. While some people prefer *to stay within the confines of* the park, walking from one refuge to another, others stay on the fringes of the Vanoise and make sorties into the park on a daily basis.

An ibex: notable for its huge horns

For those less dedicated to walking, or with young children, this is an ideal arrangement as there are plenty of facilities in the area for tennis, golf, swimming, sailing, canoeing, hang-gliding and riding to mix with days in the mountains.

Since its creation in 1963, the Vanoise has had some successes as a wildlife refuge. Fourteen kilometres of its boundary borders the Gran Paradiso National Park in Italy, and together the two parks form the largest reserve in western Europe, with mountains rising to over 12,500 ft.

Perhaps the two best-known animals to be found there are the ibex and the chamois. The former is notable for its huge horns, which are almost a metre long in a mature male. These members of the goat family live throughout the year at an altitude of between 6,000 and 10,000 ft, possibly descending a little further during the snows of winter to find food. The populations of both these and the more delicate chamois have increased tenfold since the creation.

It was in an attempt to photograph these beautiful mammals that I learned three things in quick succession about walking in the Alps. We had climbed to a high plateau and found ourselves in a barren landscape of grey rock, grey ice and old snow through which a stream bubbled. The cirque of mountains in front formed the border with Italy, and on the far side was Gran Paradiso. Looking through my binoculars, I spotted a small group of chamois on a snow field and set off towards them.

I rapidly found that the mountain air was deceptively clear and that they were much further away than I had anticipated. I also discovered that, at this altitude, I soon lost any real desire to go and photograph chamois, so I turned back, making my way down a grassy valley. I was completely fooled by what turned out to be a bog and soon found myself sitting in a morass. Wet and disgruntled, I returned down the mountain to find myself a bowl of "chocolate soup."

● **Full information on the Vanoise National Park can be obtained from the French Government Tourist Office, 178 Piccadilly, London W1V OAL, or by contacting the park authorities at Parc National de la Vanoise, 135 rue du Docteur-Julliand, Boite Postale 705, 73007 Chambery Cedex, France.**

Those who have paid a subscription to become Friends of the Park are entitled to stay at the refuges at a concessionary rate. Guided walks into the mountains are available for periods ranging from a day to a week, and some of these study specific topics such as birds or flowers. Trips specialising in natural history are organised from the UK to this area and are generally advertised in the wildlife magazines.

The Field Studies Council (Miss Ros Evans, Flatford Mill Field Centre, East Bergholt, Colchester, Essex CO7 6UL) also arranges expeditions to the Vanoise.

Michael J. Woods

Enchanted forests

SOUTH OF that great sweep of the Loire from Gien, through Orleans and on to Blois, lies the Sologne—a vast tract of forest, heath, farm and lakes 80 miles by 60: a secret place the size of a small English county guarded by a solid wall of forest along its borders.

Take any of the three main roads that cross it on your hurried way south and that wall is all you will see, rather than the mesh of paths and minor roads which lie beyond the oaks linking countless lakes and lagoons. As a result you will be missing one of the brightest jewels in France, unsung in the green *Michelin*, unchanged for over a century, but truly fascinating and at its best in the autumn.

The Sologne is not about chateaux and churches but about oak trees and beech groves, wild boar and pheasant, charcoal burners and foresters and mist from the lakes — all just a spit from Orleans and less than two hours from Paris.

Walk or cycle all day and the nearest you'll get to your fellow man is the snap of a branch under foot, or the empty cartridge case left from last year's hunting. Your fellows are there all right; it's just that the forest absorbs them.

Yet tens of thousands of language students know indirectly of the Sologne through Alain Fournier's novel *Le Grand Meaulnes*, and even more through the film of the book, shot through gauze to simulate the haunting mists which rise off the water in winter and summer alike.

The truth shows how good that particular piece of fiction was. Away from the Sologne's scattered hamlets and small towns, the closed and shuttered hunting lodges behind padlocked gates are the main evidence of man's intrusion into this particular wilderness. Perhaps this was how England's New Forest was before commuters, housing estates and oil refineries.

In the Sologne you walk or cycle always sure of a warm welcome from the many *logis* and *auberges* in its villages, a good meal and a bed. Cars are not needed, seldom welcome, and on the narrower tracks often useless. For 10 months in the year the Sologne and its people look after themselves. Only when the first shotgun signals the start of the autumn hunting season does the wilderness stir.

Then it yields up some of the best eating in France, full of game and gunshot pellets.

At Romorantin, the elegant ancient town on the Sologne's southern border which acts as its "capital," the hunting and eating come to a climax in the last week of October with a two-day blow-out of regional cooking and regional wine, presided over by *les confréries gourmandes* — translated by the local tourist office as "the greedy fraternities."

It is a serious and competitive event covering all the skills of the French kitchen. The experts create the dishes, you eat them. The forests, fields and vineyards provide the raw materials. But first you should discover the Sologne itself, without which all that gourmandising would be impossible.

Aim for the railway station at Meung-sur-Loire, just the other side of Orleans, on the fast line from Paris Austerlitz and just a bridge span away from the Sologne. There you can hire bikes from the railway company for about £3 a day, specially equipped with tough tyres to handle the rough Sologne tracks.

You book them in advance and can return them to any of a dozen local stations, paying at the end, with the sight of your credit card serving as a deposit.

Keep your luggage light—just a small bag for the back of the bike and a light back-pack for the informal clothes you may need in the evening. Do your *Michelin* and *Gault Millau* homework before setting off. Arm yourself with the local *Logis de France* hotel pamphlet detailing hotel prices, opening dates, credit card acceptability and phone numbers. Finally, invest in the French Geographical Institute's map of Sologne. It is this IGN map which details all the paths and tracks open to cyclists and walkers.

A word of warning: you are not entering the Tour de France, and it is better to aim for 20 to 30 miles a day at the most. And since you can still eat well and cheaply at lunchtime, allow two to two and a half hours for this most civilised of French customs.

At day's end you are assured of a welcome, whatever the class of hotel. Here cyclists are the norm rather than the exception, even in Romorantin's three-star establishments; not only that, they will also garage your bike for you.

Dressing for dinner, provided you are not still in your shorts, is not a formal affair, even in the more prestigious establishments. And you can make that welcome even warmer by phoning your meal and room reservation through in advance. Nothing charms a good restaurateur more than that overseas call, however bad your French.

The Sologne is not all wilderness and gourmandising. Napoleon III drained and cleared much of the wasteland a century ago for poor peasant farmers, and so it has remained. The people are peasants, foresters, or takers of game — legally for the bourgeoisie, poached for the poor. They have kept their identity and individualism and can test out the best linguist with their guttural local dialect.

Spend some time in their villages and hamlets and you will be going back not just 100 but 200 years. These were the people who kept out the aristos from their wetlands, ignored the tax collectors and bewildered the Germans with their inscrutability.

After easing your buttocks and filling your belly at Romorantin, choose one of a myriad of routes back on the well-signposted paths to Meung, across the full width of the Sologne.

If you must visit a Loire château, Meung's is the one. No monument to Bourbon folly this, but a grimmer, older construction where the Bishops of Orleans extracted confessions by water torture before leaving their prisoners to die in the darkness of the oubliette. Now it is a private house, lovingly restored and furnished by its owner, an eccentric Channel Islander.

His guided tour and enthusiasm please adult and child alike — particularly the children, in the more gruesome parts.

● **Do not take your own bikes. Though they can be carried on French Railways, they are delivered late and not always in the conditions in which they started out. Travel instead as a foot passenger using the boat train and hovercraft via Paris to Meung. This has the advantage of good connections and speed on what is still a seven-hour journey, though you can stop in Paris if you wish.**

Further information from French Railways, 179 Piccadilly, London W1V OBA, or from the French Tourist Office at the same address.

Roger Beard

This week: the Willard Hotel, Washington

Fit for a president

FOR 18 years a rotting hull cast a disreputable shadow over the grand expanse of Pennsylvania Avenue, just two blocks from the White House. Last year, however, the gloom over "the Avenue of the Presidents" receded, and from the wreck emerged a majestic, renovated Willard Hotel to host the great, the near-great and would-be-great as it has for the last 150 years.

The new Willard—in its third incarnation following a $110m refurbishment—has been painstakingly restored to its turn-of-the-century design, colours and materials. As luxurious as any modern establishment, it projects a subtle blend of history and high-tech in a town where the past is confined to monuments and museums and the future merely means the next election.

The Willard was home for a time to Abraham Lincoln, and its guests included most of the presidents, plus performers, *writers, statesmen and—in 1860* —a Japanese delegation of princes and nobles who negotiated the country's first trade treaty with the US.

The splendid lobby was the centre of activity for Union generals, lobbyists and politicians in the civil war. The grandest party ever given in the city before that war was in the Willard ballroom (now bedecked with a portable dance floor) to honour the departing British Ambassador, Lord Francis Napier, who, it was rumoured, had been called home having become "all too attentive to a certain pretty widow in nearby Virginia."

Since its reopening, the Willard has hosted seven heads of state, including President Sassounguesso of the Congo, who brought his own elephant meat, and President Mobutu Sese Seko of Zaire, who ordered up a breakfast of lake trout, pork chops and cheese.

The other special characteristic of the Willard is its emphasis on service, in a city known for possessing a dubious combination—the charm of the northern US and the efficiency of the sluggish South.

How was my night's stay? It can be supposed that the less ornate rooms offer some of the *delights of the six-room* Calvin Coolidge Suite, where I was ensconced with a near-swooning teenage daughter, who bounded gleefully through the marble foyer, the elegant living room, the comfortable den, two large bedrooms and three full-sized bathrooms to examine the contents of no less than four well-stocked marble-topped minibars.

No service is unattainable. One guest who lost his luggage wore shoes borrowed from the concierge. Another got her earrings repaired after a messenger was dispatched for super glue. Another got a jet chartered.

Touch of class

● **Managed by Inter-Continental, the Willard is at 1401 Pennsylvania Ave NW, Washington, DC 20040. Tele 202-628-9100. Telex: 897099. Prices (rooms) $175 weekdays and $125 weekends. Suites: $2,000.**

Nancy Dunne

Stuart Marshall reports from Frankfurt

Imports steal Show

ALTHOUGH THE German makers, as I reported last week, had few major new offerings at the Frankfurt Show, there was plenty of interest on the importers' stands.

Volvo, after maintaining for years that non-independent rear suspension was safer on slippery surfaces, unveiled a fully-independent layout for the 760 and its left hand drive-only two-door derivative, the 780 coupe. This must improve ride comfort which has been the big Volvo's weak point, on rough roads especially. The springs are softer and, to stop the car sagging under a heavy load a self-levelling device is incorporated.

Panther, the small Surrey-based producer of an amusing pastiche of pre-war sports two-seaters, the Kallista, unveiled its new Solo at Frankfurt. The contrast with the Kallista could not be more dramatic.

The Solo has its Ford Cosworth 204 hp turbocharged engine mid-mounted, and the permanently all-wheel-driven transmission is also basically Ford Sierra 4x4. Its aggressively aerodynamic body makes a Ferrari look quite sedate. A top speed of around 150 mph and a price of about £28,000 are mentioned. Production begins early next year when 100 Solos are due to be made, increasing to 600 in 1989.

However, it was the Japanese, as always, who had some of the most significant cars on display, although the show organisers make sure they do not steal too much of the domestic producers' thunder. The Japanese all are crammed into one of the lesser of Frankfurt's 10 exhibition halls.

Both Honda and Mazda showed cars with four-wheel steering. The Honda Prelude's is a mechanical system, the Mazda's 626's electronic. Both let the rear wheels turn a few degrees in the same direction as the front wheels when the car changes direction at medium to high speeds. At low speeds—as when parking—the rear wheels turn in the opposite direction from the fronts.

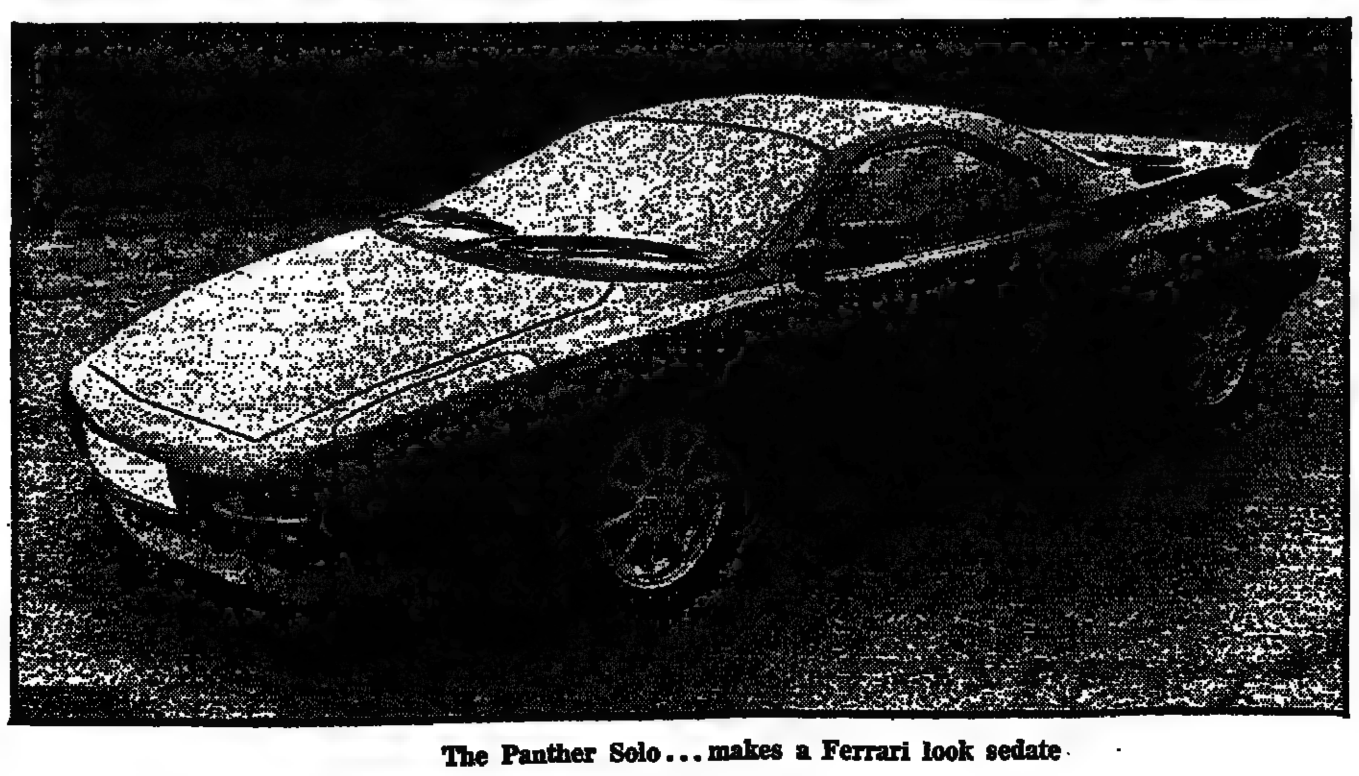
I have not yet driven the Mazda—a pleasure in store for later this month—but if the system works as well as the Honda's, it will make the car safer at speed and nimbler in confined spaces. With four-wheel steer, the industry is on the verge of a breakthrough like that of seven years ago when Audi brought out the permanently four-wheel driven quattro. The theory of 4WS is quite difficult to grasp; the benefits so obvious that customers at the medium to upper end of the market will, I believe, soon be demanding it.

The Honda Prelude with 4WS (and a new four-speed electronically controlled automatic instead of a manual five-speeder if you wish) goes on sale in *Britain in two weeks at £14,100* upwards. New, shapelier and even more appealing versions of the Civic and its sporting 2 + 2 variant, the CRX, were unveiled at Frankfurt, too.

Covering the Frankfurt Show is always demanding because of its vast size. This year, it was worse than usual. The organisers had opened the second press day to the trade. With about 15,000 extra people milling around stands on which one was trying to inspect and photograph the exhibits, fatigue mixed with frustration.

Even on the first (and supposedly restricted) press day, I waited vainly for an hour to get into a reserved car park before giving up and going back to my hotel. My Mercedes 300CE safely dumped, I got to the show by shuttle bus to the airport, train and tram. It took about the same time as a £12 taxi and cost one-sixth as much.

Today's cars are marvellous machines and get better every year — but there has to be a moral somewhere.



The Panther Solo... makes a Ferrari look sedate

Getting a grip

The idea of slipping the equivalent of a galosh over a tyre to keep a car going in mud or snow is almost as old as the pneumatic tyre itself. Lenin, it is said, had a *Rolls-Royce* delivered with leather overshoes to protect the tyres and give more grip. But they cannot have been much good because the Rolls ended up with rear caterpillar tracks instead of wheels.

Reg Ellis, an engineer from Forest of Dean, Gloucestershire, has been working for several years to perfect a practical traction aid that will enable a normal car to cross muddy fields and climb slithery hills. He calls it Polargrip.

It is made from rubber sheet, covered on the outside with what look like studs from old fashioned football boots, and on the inside with little pimples that engage in the tyre's tread pattern. You fit a pair of Polargrips by driving the car on to them, pulling them round the tyre and tightening two steel cables with a simple ratchet. It takes about two minutes per wheel and is not difficult. Getting them off is as easy but, if you have been driving across country, it can be a mucky business.

With Polargrips fitted, Reg Ellis can drive his Citroen CX, its suspension hitched up to provide 10 inch ground clearance, along muddy and deeply rutted farm tracks that one would normally leave to Land Rovers. They will withstand a limited amount of road use at moderate speeds. Obvious users are the police, public utility repair crews, ambulances in rural areas and any motorist who might have to leave hard roads but does not want to invest in a four-wheel drive.

For a caravanner, or anyone towing a horse trailer out of a field, a set of Polargrips could make all the difference between an easy getaway or getting horribly stuck.

They are in small-scale production now, in sizes to fit wheels from 10 in to 15 in diameter (Mini to Volvo tyres) and cost £82 a pair, plus VAT. Inquiries to Reg Ellis at Polargrip Ltd., 4 Holly Hill Road, Forest Vale Industrial Estate, Cinderford, Glos (tel. 0594 26469).

S.M.

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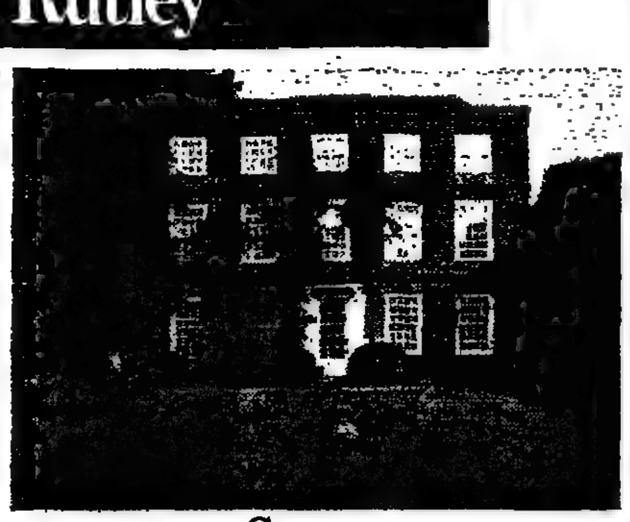

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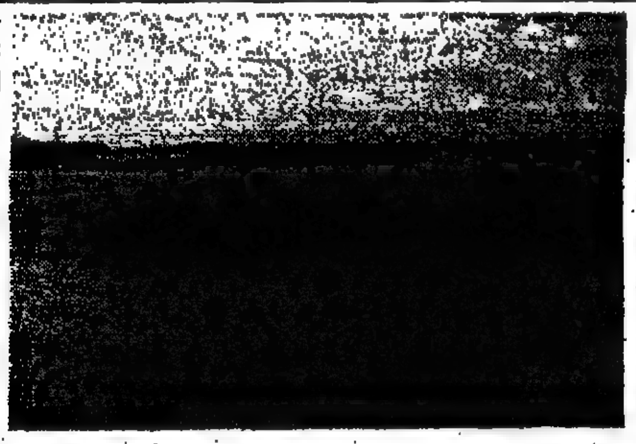

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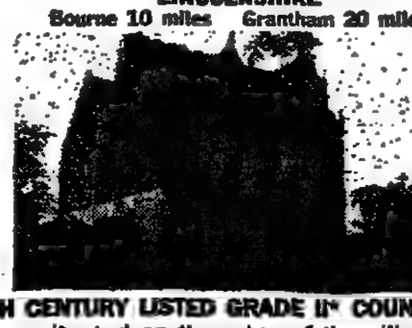

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• PROPERTY •

The wonder of Worthing

JUST AS Hove tends to be seen as the discreet end of Brighton, Worthing, a few miles further west *along* the West Sussex coast on the Littlehampton/Bognor Regis road, has traditionally been a cartoonist's favourite as the classic, gently faded South Coast retirement town where the summer tourist season is over in a few weekends. The image is of a town that is closed for much of the year, and where one would not be surprised to see people in bath chairs and ear trumpets braving the elements on the promenade, or having been pushed into a defensive circle around the 19th hole of one of Worthing's golf clubs.

The reality is strikingly different. Worthing is one of the smaller market towns that was by-passed by the megaconcrete town centre shop invasions of the 1960s and 1970s, but which later, and more architecturally sensitive, retail developers have learned to love.

It has the combination of high *local* spending and *good* passing trade needed to justify a mix of some of the best shopping facilities in the region. And anyone who thought of Worthing as a leftover Victorian resort with *1930s additions that no one has* formally bothered to close, need look only at local property prices to see that it is, in fact, a prime beneficiary—or perhaps victim—of the outward spread of London prices.

Becoming a commuter overspill town has had its effect on local home buyers. Peter Webb of General Accident's Whitehead Fox & Sons in Worthing reports: "The most evident change in the past few years has been that young couples looking for their first home are now looking at flats, rather than houses."

That is not surprising when you see the price of studio flats has reached £30,000, and anyone looking for half-way decent one-bedroom flats has to start their search with around £38,000 to spend.

As Webb explains, one of the curiosities of Worthing is the number of freehold flats. Buyers in the area have traditionally preferred freeholds, and to meet that demand the sub-division of many of the vast Victorian houses in and around the town has tended to be into vertical rather than horizontal slices. That has enabled each occupant to become a freehold owner, but it has also created financing problems when cash-buying retirement owners have died and the freehold flats have come on to the open market.

Building societies in England and Wales have never been unduly keen to lend on anything as dependent upon a number of other neighbouring owners as a freehold flat. "There are cases where a bedroom or some other room is above another person's *freehold*, and the building societies just haven't liked that. Now, however," Webb says, "three or four of the societies and the banks are willing to make loans."

This increased ease of finance has helped to end the discount for tenure of freehold flats, bringing their prices up to open market levels for comparable-sized accommodation. So there are few of those bargains for cash buyers any more. Even so, Worthing property still looks comparatively cheap if you are moving from London suburbs. Forty-five per cent of Whitehead Fox and Sons' local office inquiries this year have been from people selling their homes in South London for £60,000 or so, buying similar properties for £45,000 to £50,000 and accepting the extra commuting time in return for the pleasure of sea air and life on the coast.

You can still buy two-bedroom houses in Worthing within the £45,000 to £50,000 price range, and Webb reports that the town's crop of 1930s' semi-detached houses with three or four bedrooms now sell around the £85,000 to £95,000 mark. Add a pleasant neighbourhood, such as Charmendean near the main Worthing golf course, and prices head into the £110,000 to £145,000 bracket.

A good three to four-bedroom *house sold* by Whiteheads last year for £115,000 recently changed hands for £155,000, and as the agents regard that as about par for the course, Worthing prices are evidently beginning to make up for *lost time*. Traditional retirement buyers now compete for homes with London commuters moving south, with buyers who work at Gatwick or in the growing number of businesses drawn to the airport, and with *those* who commute west from Worthing to Portsmouth, Southampton and to the businesses that have relocated along the South Coast.

At the top of the market there are a few major houses on the outskirts of Worthing. Whiteheads recently sold a four double-bedroomed house with one acre of garden at High Salvington, on the outskirts of Worthing, for £275,000 — within 24 hours of it coming on to the market. The most expensive recent sale was a nine-bedroom house set in a few acres of grounds that sold for just over £450,000. Again, that house was sold almost as fast as the "for sale" boards could be put up.

For anyone who works in London, Worthing is not the easiest of places to get to and from. Commuters transferring to the fast London-to-Brighton line, or who drive up to Gatwick to get the fast airport rail connection *into London Victoria, have to* allow at least an hour and 20 minutes' travelling time, assuming they get the fast trains.

Still, as Webb says, some people like that kind of thing. "We had one person who worked in London and they couldn't get used to a local job. They had got into the habit of travelling — it becomes a way of life."

Help for movers

PICKFORD'S vast removals vans have been a familiar sight around Britain for generations. But this division of the National Freight Corporation also moves people worldwide, and it has produced basic guides for people thinking of moving, returning or buying a *home in* three of the top five overseas removals destinations — Spain, Canada and the USA.

Get some nuance of the Customs procedures wrong, or miss out on some part of the documentation, and your home move can end at the dockside.

So, for Spain, Pickfords' guide covers such key points as the need to have your ownership deeds or rental contract papers with you, plus a banker's guarantee if you want to take in personal goods. This is to ensure you are not importing furnishings or the like for sale, and guarantees covering 52.6 per cent of the value of imported goods have to last for two years.

If you plan to set up home in the US for a time, Pickfords' fine combing of US Customs regulations reveals that you would start your stay on the wrong side of the *law if* your move involved trying to bring in any absinthe, liquor-filled sweets, lottery tickets, dangerous toys or goods made by convicts or forced labour. And you would need a US Treasury licence to bring in Cuban cigars, a Cambodian rug or, indeed, anything made in Libya, Nicaragua, North Korea or Vietnam.

So, absinthe-swigging gamblers who tote their lethal executive toys in hand-sewn mail bags have been warned.

Copies of the "Move to . . ." *leaflets are available* from Pickfords' branches or by sending a large (around 9 x 12 inch) first class SAE to the marketing department at Pickfords Removals, 492, Great Cambridge Road, Enfield, Middlesex EN1 3SA.

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London Property

• PROPERTY •

John Brennan explores an area of residential London where demand always exceeds supply

Hampstead—the British Montmartre

THERE ARE no bargains in Hampstead. As one of London's internationally recognised residential areas, demand comfortably and consistently exceeds the supply of houses and flats. Richard Crossthwaite, of Knight Frank & Rutley, says: "Hampstead's appeal is that while it has an attractive mix of little cottages and major houses, it has not become an up-market ghetto—so expensive that it works against itself as a residential area.

"We find increasingly that people don't want to live in areas of London where houses are empty half the year, and we have had people who were looking to buy in Belgravia and parts of Knightsbridge who have been put off because they don't want to live in areas that can look like the South of France in the middle of winter. Hampstead is quite different. It's lived-in, it is regarded as a 'safe' area, and has an active social life and good schools. It's alive."

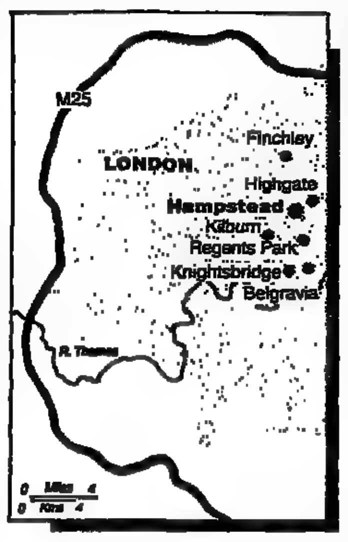
The special characteristics of Hampstead lead a number of agents and developers to talk of the area as a British Montmartre. Property rental specialist John Birch draws that comparison and reports: "It is a vibrant market. The major difficulty is finding homes to rent because people seldom buy for investment, so you tend to have to rely upon homes being vacant while families are abroad. The better, more luxurious properties are snapped up and demand does exceed supply."

That is evident in the fact that, as Birch says: "Hampstead rentals are very much in line with those in Kensington and Chelsea and in the other well-established central London locations. It has always been very popular with Americans and a large number of the better-paid, more senior Japanese business people want to rent there. They may be in Finchley as middle management; but if they become more senior Hampstead is where they want to be."

Continental enquiries are equally strong and, as with all the overseas home-seekers, it is Hampstead proper and not any of its fringe areas that people want. "We have a lovely four-bedroom, large Edwardian house in Highgate that's for rent at £400 a week," says Birch. "If you could put it on a wheelbarrow and take it into part of Hampstead, you would be talking of £600 to £700 a week for the same house."

This frontier consciousness is one of the area's most distinctive features. If you were to take your bearings from agents' particulars, Hampstead's borders would appear to be as fluid as a turn of the century map of the Balkans. It is a particular problem westwards; Vicky Marks, of Rose Hill Estates, says: "The borderline has been creeping into Kilburn." That is a point illustrated most graphically by a recent set of sale particulars from another, non-local, agent where a flat over a shop on Kilburn High Road was described confidently as "Hampstead borders."

If that stretches the point a dozen streets too far, what about the land lying north—over the brow of Hampstead Heath and into and beyond Kenwood? Since only Londoners and music-lovers are likely to recognise that name, this area of high-cost homes along the



Bishops Avenue, Sheldon Avenue and other links to the northern tips of Archway Road and the Great North Road do tend to be tagged as Hampstead when they do, quite clearly, form part of the pleasant but notably less fashionable-sounding Hampstead Garden Suburb.

Anthony Lassman, whose West End agency has traded a disproportionate number of seven-figure houses for years, has a clear view of Hampstead's northern fringe. He says: "What happened to the market is that five or seven years ago it was mainly Arab buyers, Nigerian buyers, and a few other oil-rich groups who bought in areas like the Bishops Avenue and Winnington Road.

"They were drawn to the area because it was seen as London's equivalent to Bel Air or Beverly Hills, but then it changed. It wasn't that they moved out, although some did sell. Rather, it was that the market started to be led by rich UK buyers because of the stock market rise and more money in the economy. And for the more traditional buyers Hampstead has always meant NW3, south of the ponds.

"The Bishops Avenue is very much a high-profile area—a place where people may feel that it's good to have a London home. For a certain type of buyer, paying £5m for a home there is just what they want. Below the Heath, I would say that it's more the old Hampstead type of people—low-key and drawn more by the village atmosphere."

Hampstead proper might be less overtly a millionaire's haven than the southern, golf-course-packed stretches of Hampstead Garden Suburb, but it must now also rank as Britain's most expensive village. As Lassman says: "It would be difficult to find a decent-sized family house with garden for less than £750,000 these days, and many of the larger houses in the better-known roads near the Heath are approaching £2m."

The locals tend to know to within half a dozen percentage points the open market value of their properties because Hampstead has long been one of the most actively-traded areas of London. "Hampstead has always been a good barometer for property in London as a whole," says Richard Crossthwaite, "because people there seem to have been willing and able to make a quick turn on their property when they could—as long as they could stay in the area. As people are so property-conscious, the Hampstead market has tended to go quiet before anywhere else and to move up before anywhere else. Right now it is reasonably active, with plenty of development interest, so you always look at the conversion and development value of any property that comes on to the market."

Ian Godfrey, in charge of Hanover Druce's residential office in Hampstead, adds: "It is obvious that large Victorian and Edwardian properties are now, in the main, far too big for today's modern family. Instead of acquiring a seven-bedroom house to accommodate the four children plus nanny, now the three storey maisonette with three-four bedrooms and three bathrooms is of adequate size—provided of course that there is the most necessary feature of any Hampstead property, the garden."

One of the most active of the professional buyers, Shield Group's managing director Ashley Rubin, explains why Hampstead has proved to be such a successful nursery ground for some of the capital's major residential development groups. "It is the combination of having the availability of big, well-built houses that are suitable for quality developments of flats, and the fact that the market is so consistently good. Properties are readily saleable."

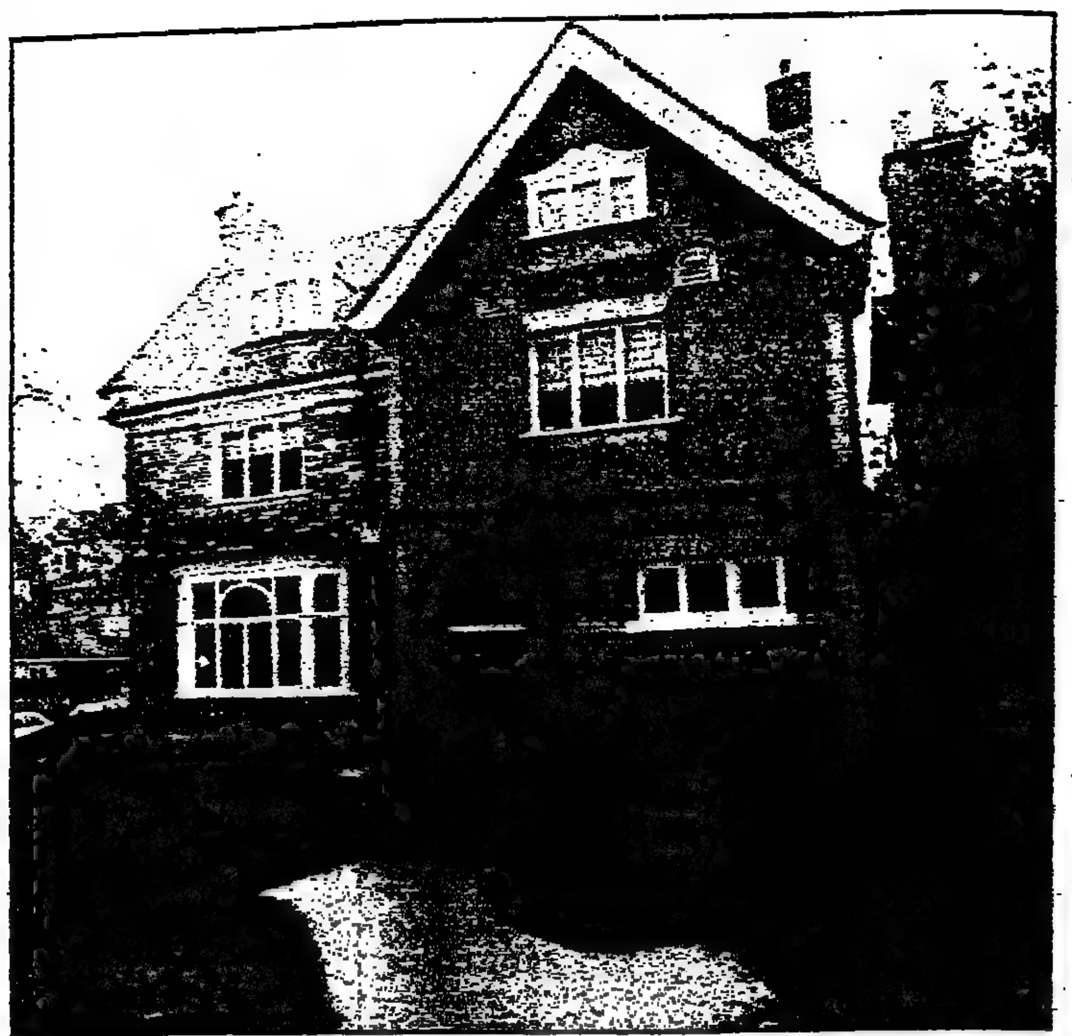
Prices also are high enough to justify the costs of what are, effectively, rebuilding jobs behind existing facades. "In places, we have gone under the foundations to create living space, and that is fantastically expensive. You don't do that unless you can achieve good resale prices," Rubin says.

Rubin estimates that rebuilding work can cost upwards of £60 a sq ft on an old property and £100 a sq ft for new space. Add acquisition costs and financing charges and that is well up to the level of refurbishment costs now common in Chelsea or Knightsbridge.

Reconstruction costs are such that developers' profits lean heavily upon their ability to design a sufficiently good scheme to win permission for additional saleable space. Given the high price of basic properties for conversion, an old-fashioned basic division of a large house into four or five flats without adding any additional living areas would hardly be commercially viable these days. And while there is strong pressure to buy into the area, demand is far from being unselective. As Rubin confirms, the range of prices that people are willing to pay for conversions is surprisingly wide, and it does relate directly to the quality of the property.

"Prices can be as different as £150 to £400 a sq ft, according to the product," he says. "And although £150 would be untypical, you do have to design something that is special. Even in this market, you see people who have to struggle to sell places that are not done to a good standard."

• Last Weekend's article on Tuscany was by Cheryl Taylor.



KEATS GROVE, NW3, is a classic five-bedroom Gothic-Victorian Hampstead house with a 70ft by 50ft garden just south of the Heath. Ascombe & Ringland (01-794 1151) expects to achieve around £825,000 for the freehold.

London Property

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Overseas Property

Robin Lane Fox offers advice to planters

Stagger those bulbs

THE NEXT five weekends are the busy season for bulb-planters. Netloads of narcissi and cartons of chionodoxas turn up in parcels, rather heavier than you expected when you ordered them in a burst of enthusiasm. What do you do if you begin by feeling that you cannot cope with them all at once?

Cunning planters stagger the job before it staggers them. Daffodils and narcissi should go into the ground at once, as they like to root early. So should the chionodoxas, because they will become squashy and rotten if you leave them too long in paper bags.

Anemones can wait, and crocuses are not too urgent. Even if they are showing some cream-white top growth, they will root perfectly well if carefully planted without any air pocket beneath their roots. Tulips can certainly wait, at least until late October.

This year, my own bulb-planting will be minimal, as it will get in the way of my new garden. Borders never work out right at the first attempt. Until the plants have settled in, I am sure to turn the beds round and round, like a dog with a blanket. On the way through, I would poke the fork through sleeping fritillaries or slice off the tops of emergent daffodils. I am taking a sabbatical from scillas and I find myself looking critically at the results of the past 20 frantic autumns.

A bulb's first year is usually lovely, but why do we not hear more about their second and third seasons when so many varieties dwindle or disappear? In my unkinder moments, I blame Holland. I am inclined to blame the Dutch soil for being too good. Am I prejudiced, or is it not the case that we are encouraged so strongly to buy Dutch bulbs in soil conditions which are so good that almost no English garden can re-create them?

I have had years of ordering bulbs from England instead, but my garden is no Lincolnshire, either, and I do remember how one of my postal orders to Spalding produced an enormous package, every one of whose bags was stamped with encouragement to enjoy Dutch bulbs every spring. Is there a big grower of bread-and-butter bulbs who sells cheap stock from a nursery-ground where the soil is run-of-the-mill Home Counties quality, without rich loam or river silt?

Tulips are particularly prone to a Dutch disappearing act. I must have had scores of tulips in my life, but my affairs with most of them have seldom lasted more than two seasons. In the second year, the flowers are smaller and fewer; the bulbs have shrunk and in the third year, clumps of a dozen are down to two or three buds. Am I alone in finding that the hybrid Darwin red varieties have the longest life as flowers of any size?

Gardening

The trouble with tulips is that they will not endure: what, though, do you make of aconites which will not even start? They arrive very cheaply by the hundred, but a low percentage produce any flowers, even in the peaceful Victorian settings which they are supposed to like.

I tired of mass aconite planting in 1980 and made two changes. I now soak the newly-arrived tubers in cold water for a day before planting them. I learned from a big grower that cheap tubers, bought in the autumn, have usually dried out.

I have also changed to a hybrid, Eranthis Tubergenii, which is brighter and much larger in flower. Sometimes, it is listed as Guinea Gold, but it is the right form if some of its leaves show a bronze tinge. As a hybrid it is stronger, but it will not seed itself far and wide.

Crocuses might seem easier, but here, too, there is a hitch. The strongest are the Dutch hybrids, but they are not very subtle and lack the soft colours of the species crocus, Blue Pearl, Cream Beauty and so forth. These charming forms have less stamina in competition with grass or other roots.

Fortunately, there is a cheap compromise. Try crocus Tommasinianus for mass plantings in grass, under tall trees or between established roots. It seeds itself furiously, especially on sandy soil. The colour is a pale lavender-mauve with white stems which are frail and ghostly, but the Whitewell Purple form is deeper and rosier and makes a good contrast.

As for daffodils and narcissi, it will be years before I trust any new variety for naturalising. Those good old narcissi, Carlton, Fortune and the true-scented Pheasant's Eye, will never be beaten for stamina. Earlier in the year, I now rely on the admirable February Gold, a smaller form which stands about 15 inches high.

Lastly, my particular stand-bys of the past two decades. As outdoor bedding plants, hyacinths persist for years, a use which is underestimated because of their reputation as indoor plants. Plain groups of whites and single colours in a spring flower bed add a marvellous scent and lasting charm. Irises, by contrast, are master-vanishers, but I will never lose sight of the one wild form which really flourishes in Britain. Iris Histrioides flowers in February at the sturdy height of six inches, even in its "major" form.

Fickle tulip fashions

TULIPS HAVE been popular with British gardeners since their introduction from Turkey about 400 years ago. Yet for most of that time it was the individual flower that was valued, and the idea of planting tulips in large numbers for garden display scarcely seems to have occurred to anyone until Victorian times.

Unlike most new flowers, the tulip when it first arrived here was not a wild plant but one that had already been highly developed as a garden plant. There were various shapes of flower and some were prized far above others. Turkish gardeners, who had developed these fine blooms, liked them when they were one colour throughout. But English and Dutch gardeners soon discovered that quite frequently a bulb which had been producing plain-coloured flowers would suddenly start to produce flowers of two or more colours, often in extraordinarily complex patterns.

They had no idea why this happened, but were thrilled by what they saw. They transferred their admiration almost exclusively to what they called "broken" flowers and regarded the plain-coloured ones simply as "breeders," useful because they might produce good multi-coloured forms. Very high prices were paid for bulbs producing the most exquisitely patterned flowers, and this was the order of things for a very long time, though enthusiasm did gradually wane.

We now know that this break-up of the normal colouring of the tulip flower is caused by a virus carried by greenflies, and that it can be hastened and to some degree controlled by artificial infection of the plants. But this knowledge has come too late to be of much value to tulip growers, very few of whom now favour the "broken" flower colour.

Today demand is for vigorous, free-flowering, completely healthy tulips that will make a magnificent display in the garden. Even for this purpose, fashions have changed greatly during this century and are continuing to do so.

A hundred years ago the ideal tulip flower was one of perfect goblet shape with broad overlapping petals making an absolutely symmetrical flower. Anything that did not conform to this pattern was thrown out. Later on, when fashions changed and gardeners began to look for a greater variety of flower shapes, some of the first of the new generation of tulips were found in cottage gardens where the throw-outs had been preserved by nursery labourers. For many years these new types, with narrower and often outcurving petals, were known as "cottage tulips" and I rather regret the passing of this term.

A giant step forward in the development of the tulip as a garden flower was made in the middle of this century by crossing garden tulips with wild tulips. Three of these wildings, all from central Asia, have been particularly successful in producing valuable new races.

Tulipa fosteriana, with enormous scarlet flowers, has increased the flower size of some tulips and introduced its own particular brilliance of colour. T. kaufmanniana, which is short stemmed but has long petals, produced early flowering tulips very suitable for rock gardens, sunny banks and the front of flower borders. T. greigii, notable for the chocolate or maroon stripes on its broad, widely-spread leaves, has made it possible to regard some tulips as foliage plants as well as magnificent flower producers.

Yet another wild species from central Asia is Tulipa praestans. Its scarlet flowers are rather small, but there can be several of them on each stem. It is from this species that the new race of Multiflowered tulips has been developed.

New colours have been introduced, most notably green in combination with, or suffusing, other more traditional tulip colours. Flower arrangers have found these particularly useful, but they also look attractive in the garden. They are usually listed as Viridiflora tulips, not the happiest of names since it suggests a botanical origin which does not exist.

Because of their ancestral backround in central Asia and the Orient, tulips are all lovers of sun and warmth. This means that they can never be quite so much at home in damp, cool Britain as daffodils, which are of native and European origin. Yet they have acclimatised remarkably well, some varieties better than others. I have cuts of some of the older May Flowering tulips in my garden which have been growing undisturbed for many years. For mass displays in public parks it is essential to lift and replant every year. To do anything else would be to risk unacceptable gaps. But where I grow my tulips, it does not greatly matter if some do not reappear. They are in mixed company with other bulbs and herbaceous plants to distract attention if some of the tulips are missing.

Arthur Hellyer

City farms dig in

City children eye the animals at the Vauxhall farm in inner London

GERALD the goose, Dirty Dick the rabbit, Fritz the calf and Georgina the nanny goat. The names trip off Simon's tongue as we wander round Vauxhall City Farm, a stone's throw from the Vauxhall Bridge roundabout in south London. If you have any difficulty with directions, listen for the bray of Jacko the donkey, the crow of Dennis the cockerel, or watch out for the brightly painted mural on the gable end of a disused warehouse.

Simon wants to be a vet when he grows up. Francis left school with no O levels, has never visited a farm in the country, but hopes to become a member of the British Horse Society, aiming for the BHS Horsemaster's certificate. Aged 20, he first worked on a city farm three years ago, under the one-year community industry scheme. He is now on the farm's management committee. He is employed full time at Dean City Farm in Mitcham, south London, but also helps out at Vauxhall, where he exercises and feeds Vienna and Uggles, the two ponies.

"They will sometimes shy at things on the road. Vienna doen't like fire engines. She shoots off when she hears one coming," says Francis.

Hundreds of volunteers and trainees like Simon and Francis have put a lot into the UK's 55 city farms, and no doubt have got a lot out. "They are aimed particularly at the disadvantaged, the underprivileged and the handicapped," says Vernon Bright, manager of Vauxhall city farm. "They come here and are expected to help with births, and give injections, and are thrown into dealing with visitors to the farm."

Vauxhall takes over 30 trainees each year, some from YTS, some on work experience from school, and youngsters on community service orders. "Animals offer no threat to people, they are not going to judge them. They help kids build up self confidence."

City farms fall back increasingly on their own resources. Vauxhall, like most, is managed by a committee of local people elected at its AGM, although Bright, with his three full-time assistants, is responsible for day-to-day running. It is funded partly by the local council, the Inner City Partnership, and Urban Aid, and 20 per cent by special grants, but Urban Aid funding is expected to end this year. All the animals have to provide income for the farm. Muriel's piglets were sold for breeding, with the money spent on three Berkshires to fatten up for pork. Goats' kids, lambs and poultry are sold for meat.

"There is no point in keeping animals just for children to be able to touch them," says John Langam, a bricklayer by training, now youth worker at Kentish Town city farm in north London.

The farm, on a five acre strip of reclaimed land straddling the main line from St Pancras to the Midlands, earns £10,000 a year from visits and by selling eggs and manure. Riding lessons are another valuable source of income; as many as 60 children take pony club lessons at £1.50 a time.

Dolores and Cherril, half-a-ton sows endearingly named after two farm workers, will be kept for eight litters, then sold for processing into pork pies or sausages. Milk from cows and goats is used to feed the young animals on the farm. Children can keep any eggs they find.

None of the farms visited had suffered any vandalism. John Langam says city farms could not survive without the help of local young people. "We get kids up here at 8.30 every summer's morning to muck out. The staff will come and go, but the youngsters will always be here."

Holland, which pioneered children's farms 25 years ago, now has over 300. The Dutch, more aware of the possibilities of small areas of unused land in urban areas, injected considerable capital into such projects and even have a government minister responsible. Every time a housing estate is planned in Holland, a children's farm is incorporated in the blueprint. The idea has since spread as far as Australia.

The first city farms in the UK were started early in the 1970s, and now have their own national federation, providing technical and general advice to existing farms and to community groups thinking of setting up their own.

Visits by nursery classes and play groups are already well established; adult education classes are sometimes offered, in a range of subjects from bee-keeping, spinning and dyeing, knitting, animal husbandry, dairying and looking after pets.

But income from classes and sales of produce, whether eggs, meat, milk, or worms reared for the local fishing shop, do not by themselves make ends meet. City farms depend greatly on the work of volunteers.

Donations in cash and in kind are also important, and recycling keeps costs down. Some, for example, meet up to 30 per cent of their animal feed bill by collecting waste from bakers, brewers, greengrocers and wholefood warehouses.

Cafés are now open on eight farms; four run shops selling farm produce. Five farms provide riding lessons; a city farm in Leeds is setting up a market garden.

In Bristol, the Windmill Hill City Farm is drawing together a community business plan for a farm of at least 100 acres run on organic principles in the countryside outside the city. The out-of-town farm and a shop planned for the Bristol site could generate income over the next five years to fund a further 20 self-financing jobs.

Alastair Guild

Saleroom/Antony Thorncroft

Season set to make headlines

THE SALEROOMS are worried. All the indications are that they are set for another record season, and they know from experience that when things look so good a nasty surprise is just around the corner. But as long as the economies—and stock exchanges—of western nations continue to flourish, so demand for works of art will absorb enough of the surplus profits to keep the current boom going.

Sotheby's rogue sale at Gleneagles at the end of August is often regarded as a useful straw in the wind. The recent one did remarkably well, with a pair of sporting guns once owned by the Duke of Windsor selling for £46,000, as against a £12,000 top estimate. Those salerooms that disdain to disappear for the summer, notably Phillips, also reported brisk business, especially at its provincial auction houses. London was rather quiet.

Another litmus test is the Burlington House Fair at the Royal Academy, which closes tomorrow. The top dealers exhibiting here are generally happy; there has been good demand for jewels, paintings, oak and clocks, in particular. And every time a dealer makes a sale he is immediately on the look-out for new stock.

As well as a buoyant economy, the salerooms have seen off many of the other potential threats to their prosperity. The imposition of VAT on imported antiques, as mooted by the EC, has receded into the distance; the more immediate challenge of stricter controls on some of the old-fashioned practices of the auctioneers, posed by Westminster City Council, has faded; and the takeover talk that dogged Christie's has quietened after its successful 1986-87. With sales up 50 per cent to £581m, and a spiralling share price, it made itself too expensive for a realistic predator. However, Christie's has suffered a disturbing loss of top staff in recent months.

Record prices engender yet more record prices. Immediately after Christie's sold Van Gogh's "Sunflowers" for £24.3m it was offered another important Van Gogh, "Le pont de Trinquetaille," which made £12.65m. Now Sotheby's is into the act with an important late work by the same artist, "Irises," to be offered at auction in New York on November 11. It should go for more than $20m. If it does, it will set a new record for any work of art sold in the US.

Sotheby's confirmed its dominance in the art world last season with a 77 per cent jump in turnover, to £837m. As well as the Van Gogh, it is selling an important Cubist Picasso in London in December. More than ever before the health of the auction houses is dependent on the international demand for modern and Impressionist paintings; they account for almost a third of the total sales of the Big Two.

In the next few weeks the excitement at Sotheby's is a series of house sales. Prices are always extravagant at such events; the glamour surrounding the auction of the contents of Wilsford Manor near Salisbury, the home of the late Stephen Tennant (friend of the Mitfords, the Sitwells, and other inter-war celebrities) should ensure some exceptional bids for Cecil Beaton photographs, Rex Whistler drawings, and Epstein bronzes.

As well as Wilsford, Sotheby's is depatching Tyninghame in East Lothian, the seat of the Earls of Hadding; Chateau de Cleydael, one of the most spectacular castles in Belgium; and the final contents of Mount Juliet in Kilkenny, in Ireland. This last is significant: Sotheby's also sold the actual house and its estate, and this week announced the formation of a real estate arm in the UK. It is a delicate area, because Sotheby's does not want to offend the leading UK estate agents who often supply it with valuable contents to sell. It intends to offer an international service for domestic agents.

Christie's, too, is getting in some house sales while the weather remains mellow; in particular the contents of Orchardleigh Park in Somerset, and the mid-19th century marble statuary made for Nidd Hall near Harrogate. One of these, a life-size group of "Ino teaching Bacchus to dance," by the Yorkshire sculptor Joseph Gott, should make more than £50,000.

There is an interesting auction at Christie's South Kensington next Wednesday: pictures, furniture and silver which graced the London offices of Distillers. Following its takeover by Guinness, the premises have been sold and, likewise, the contents. The coaching scenes by James Maggs; the sporting dog pictures by Maud Earl, and the heavy furniture typify unimaginative corporate taste.

Phillips anticipates its best-ever autumn, with a jewels sale on September 29 and a furniture sale on December 1, both of which should exceed £750,000, setting records for this auction house. Phillips maintains its regional aspirations. It now has 16 salerooms in the provinces, as well as its three in London, and is looking for further expansion in the north-east and north-west. The smaller regional independent salerooms are increasingly calling it a day, and are often happy to be enfolded inside Phillips.

The future lies in the international market; it is the global spread of demand which sustains the salerooms when there is an economic recession in one country. The saleroom is also becoming much more of a credit business; dealers enjoying this facility, while private buyers are often expected to pay in cash.

Another significant change is the increase of bids left in advance with the saleroom. About one third of successful bidders are absent from the auction house at sale time, while in some areas, such as collectibles, the percentage of bids "in the book" can be nearer to two thirds. The improvement in the catalogues has enabled prospective buyers to take the risk of not personally inspecting a particular lot.

The first big sale of the season, in New York this week, when Christie's sold a copy of Audubon's "Birds of America" (with the book sadly split up, and marketed as more than 400 separate plates), managed to set a record — £29,512 for a plate of the Trumpeter Swan. It just beat the previous best for an Audubon, but was enough to maintain confidence in an art market which seems set to make headlines continually in 1987-88.

The late Stephen Tennant, photographed in 1927-28 by Cecil Beaton. The bronze bust will be sold by Sotheby's at the Wilsford House contents sale in October

Anyone for Tennyson?

A YEAR before Alfred Lord Tennyson, the most Victorian of the English poets, died in 1892, a phonograph machine was brought to his home by a friend of Thomas Edison, and the old man read a few of his most famous poems into the tube.

The selection included the Charge of the Light Brigade and Come into the Garden Maud. Only part remains audible but that is highly distinctive.

Tennyson reads in a slow emotional style with more than a hint of his native Lincolnshire. Every syllable is carefully enunciated, and the pace and pitch are modulated to the needs of the verse. He sounds exactly like the prophet he had become, his voice emanating from deep in the caverns of time.

Copies of a modern recording can be obtained from the Tennyson Society at the Central Reference Library, Free School Lane, Lincoln (telephone 0522 33541) for £1.50. The performance lasts only ten minutes including an introduction by Sir Charles Tennyson. The record is so worn and scratchy that in some places you need to follow the reading with a book if you are to catch every word. But poor technology sometimes gives good art. In the Charge of the Light Brigade the insistent beat of the surface noise offers a counterpoint of horses' hooves. I am most grateful to the readers who wrote or telephoned when I asked for information on how to find a copy, in an earlier article.

The first successful recording of the human voice occurred in 1877 when Edison recited "Mary had a little lamb" into his latest invention. For his demonstration to the President and the Congress in Washington he also chose nursery poetry.

Edison had a keen commercial sense. For years he maintained that the chief exploitation of the phonograph would be to enable businessmen to dictate letters without a secretary.

Preserving the voices of great men came well down his list of potential uses after laughing dolls, machines to teach elocution, and books for the blind.

Tennyson ... exactly like a prophet

Tennyson was born at Somersby in Lincolnshire and went to school at Louth. The Tennyson Research Centre, which is housed in the Central Library at Lincoln, is built around a magnificent collection of books, manuscripts, and personal records acquired from the Tennyson family trustees.

Tennyson was the most famous poet laureate in the history of the office, and the most popular. His mystic world of Camelot, full of dreams of hopeless love and violent death, shaped the collective subconscious of the nation.

The centre preserves 350 printed books which formed the library of the poet's father, and through them we can follow his austere education in the ancient classics. More obviously revealing are the 2,000 volumes from his own library, especially those relating to mediaeval chivalry and the Arthurian legend.

Tennyson usually noted on the flyleaf when a book was acquired. Shelley's Prometheus Unbound—a rare and unusual book—was bought when he was at Cambridge. A travelogue called Ulysses presented by his friend Palgrave has nothing to do with the Homeric hero of that name about whom Tennyson had written one of his best poems. But in the margins we can see him drafting verses about another voyage to the Pontic Coast. Nor did the poet disdain to own Walker's Rhyming Dictionary. Such are the varied springs of inspiration.

The research centre is open to researchers by prior appointment with the librarian. The main portraits in the collection, including photographs by Julia Margaret Cameron can, however, be readily seen at the Usher Art Gallery nearby. The exhibits, which include a picture of the grave diggers preparing his place in Westminster Abbey, nicely illustrate the Victorian interest in the details of funerals. The old man who had chosen a song on the sweetness of death as one of his recordings for posterity would have enjoyed seeing them.

William St Clair

Finding history in a potsherd

Gerald Cadogan sifts through his finds in Cyprus in search of clues to events in the 13th century BC.

THIS YEAR'S dig at Maroni in Cyprus is table work. Rather than slogging in the trenches, we are studying the finds from the important 13th century BC building we have uncovered, to see where we have got to and what we should do next. There is none of the dust of digging, but bending over large trestle tables to squint at potsherds produces backache and taut hamstrings.

It also gives a calm view of what happened at Maroni in ancient times, and there is still the chance of new finds—nothing as dramatic as a find in the trenches, but this sherd may turn out to be from a rare import, another to fit a vase we know, and what was thought to be a scrap of bronze waste turns out to be part of a dagger.

The team is small. This means that, as director, I can research, and see all the pottery, without spending all my time telling others what to do. It is the chance to think out quietly the history of the site. Even if we do not come up with the answers, our questions for digging in 1988 ought to be sharper.

We have our usual potshed, a house on the edge of the village with a yard for the sherd tables. We live above the shop. There is a view to the sea. At morning and evening the sound of bugles floats over the valley from the National Guard base at Zyyi, next to the BBC World Service's Middle Eastern transmitters. Our neighbour is an old woman who keeps an eye on the house when the owner is away. Her family has been visiting from London — much loud talk in Greek, interspersed with impressively colloquial English.

In the yard, five tables are covered with groups of sherds. Their numbers are chalked on the tables and the labels pinned down so the winds cannot blow them away. We work through the sherds, lot by lot, checking the original diagnosis of what was in them, and looking for joins, rarities and any clues for the sequence of events in the 13th century BC.

It is clear that the big building, 31 x 20m with much finely dressed limestone masonry, was the ruling building of the region and controlled food production and copper and bronze working. It has Cyprus's oldest olive press, and plenty of furnace debris, metalworkers' awls and bits of copper ingots. The building may even have been a shrine, ruling with the power of religion — difficult to prove, but at other periods olive presses belonged to sanctuaries.

One find from routing through the sherd bags is that we have more imported Palestinian amphorae than I had imagined. The shape is known as the Canaanite jar, and is the forerunner of the typical classical wine amphora. They are of a coarse clay, and were imported not for beauty but for contents (wine?). Our Canaanite pieces span 150 years of the Late Bronze Age, as does the metal debris. This helps suggest a pattern of trade (if Maroni was exporting metal, as is most likely). It may well be that our big building was put up around 1300 BC in response to the increased demands of the metal business and the need for proper control.

A hundred years later the building was abandoned, and the need had gone. What happened? Who knows? I expect it was a political event, and they are almost impossible to pinpoint in archaeological evidence.

We divide the pottery now by rooms, moving on from the grid of trenches that we superimposed on the plan of the big building to excavate. Since one room may appear in four different trenches, it needs constant checking of the notebook to be sure what was being dug, and into which room it comes.

Slowly the picture of what the building was like when it was alive comes together. Most of the loom-weights are from one room, which suggests there may have been a loom on the upper floor. But the room also had many large clay basins. What were they for?

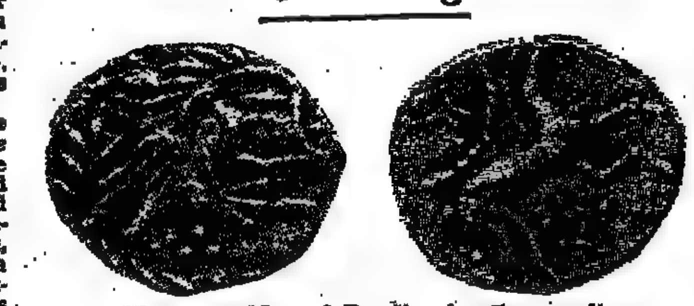
The pottery is also split by periods, which produces some surprises. More Roman is popping up, of around 50 BC-50 AD and some later (6th-7th centuries). Last year we found out that the early Romans had robbed some of the fine masonry of the big building, as they had left a piece of glass in a layer of stone chips on top of a robbed wall. It helps now to have more evidence of them —even though they vandalised the building.

One puzzle will not go away. What happened between the abandonment of the big building around 1200 BC and its 7th century BC resurrection as an Archaic shrine? The problem is that the later floors are so close above the Bronze Age floor that we cannot separate them. And where we can, it means that in an inch or two of earth the history of the place jumps five and a half centuries. Did the building really stay so clean for that long time that nobody used it? Or did the Archaic people decide to clear it out—and that is why the old floors were used again?

Many of the bits of bronze are on these floors. And so we do not know if they are actually Bronze Age, or Archaic, or a mix of the two. It is likely they are Bronze Age only, and that bronzeworking at Maroni stopped at 1200 BC, but we cannot yet exclude a resurgence of the metal industry in Archaic times as part of the revived life of the big building.

How Boadicea cashed in

Collecting



The two sides of Boadicea's silver unit

AN AMERICAN businessman has proved generations of eminent historians wrong for assuming Queen Boadicea issued no coinage. Numismatics, or the study of coinage, has been Robert Van Arsdell's pastime for nearly 30 years.

He made the discovery while researching *The Celtic Coinage of Britain*, scheduled to be published by Spink at the end of the year. Unlike the learned scholars and students who previously researched the subject, Van Arsdell does not have a classics or historical art background. Instead, he drew on his academic studies in the fields of business management and engineering. This approach, combined with his numismatic knowledge, he calls "the science of art appreciation."

The study of the ancient Celtic tribes has baffled man for hundreds of years. They gave the impression of being barbarians, but they had a quiet sophistication. This is obvious from the beauty and excellence of their everyday artefacts. While one would cut off an enemy's head without batting an eye-lid, the deed would have to be done with a most beautiful sword.

It has always been believed that Boadicea was too busy waging war to turn her attention to such mundane matters as coinage. In fact she issued a tremendous volume to finance her revolt. She rose to the Icenian throne after her husband's death in 61 AD. The Iceni's kingdom was basically what is now the county of Norfolk. King Pratsutagus left half his wealth to the Emperor Nero, expecting the rest would go to his family.

Instead, the Romans mistreated Boadicea and her daughters. Incensed, the Iceni revolted. Boadicea led the army that razed Colchester and London to the ground, massacred 70,000 Romans (according to Tacitus) and cut the Roman Ninth Legion to pieces. Her campaigns were so successful that Nero nearly abandoned the conquest of Britain. However, the Celts were defeated and although Boadicea escaped she took her own life with poison.

Van Arsdell has now identified two coin types as belonging to Boadicea's reign. He found that scholars had dated the two coins 50 years too early and so had entirely missed the Boadicea connection. He explained: "These silver pieces had no inscription, so everyone assumed they must be 'early.' The fact is that for some unknown reason, Boadicea decided to omit her name." Although the coins superficially resemble earlier pieces, close scrutiny shows that they are nearer her husband's in detail.

The designs of the two coins identified by Van Arsdell are very similar. Both feature a crude head, facing to the right on the obverse with the branch of a tree behind and either leaves or pellets in front. The second type also has pellets below the head. The reverse of both coins is identical. A horse, with a branched tail is shown galloping to the right. Above, there is a triangle in an enclosed beaded compartment, below a diamond with curved sides.

Scholars have traditionally dated them between the early Boar/Horse issues and those bearing the name of the ruler Anted of the Dubunni tribe, to the years 10BC-10AD. It has now been proved that the pieces are in fact the very last Ancient British coins and were struck to finance the Boadicean Rebellion of 61AD.

"The coins have always appeared out of place for a number of reasons," explained Van Arsdell. "First they are plentiful in the Icenian hoards, which is unusual for an issue that was supposedly 50 years earlier. Furthermore, there is evidence that they were hastily struck. The only Ancient British brockage is found in one of these types. Brockages are produced when a coin sticks in the die and subsequently strikes other coins. The moneyer, working by hand, would usually catch the error—unless he was too rushed to pay attention. Normally, Ancient British coins were struck with some semblance of care and brockages are unheard of—except for this single coin."

Van Arsdell analysed eight hoards where the archaelogical proof shows clearly that the coins were concealed at the time of the Boadicean Rebellion. The fact that a high percentage of the pieces were of the Head/Horse design, pointed to the fact that they were deposited when they were commonly in circulation i.e. shortly after they were struck.

By plotting the frequency histograms of the coins he was able to ascertain the standard weight of each type. He then constructed cumulative frequency histograms, which is the only correct way of ascertaining the degree of wear. Strangely, the series had never been analysed in this way. This, combined with a cruder statistical technique, proved without doubt that the coins were freshly-minted when concealed, i.e. were issued by Boadicea.

Ancient British coins have not enjoyed an uneventful passage over recent years. The discovery of rare examples by treasure hunters using metal detectors, a spate of forgeries (which now thankfully has been eliminated) and thefts from archaelogical sites, have all upset the market.

Specimens now sell for about half the prices realised in the 1970s. The market peaked with the sale of the Mack Collection in 1975. Ancient British gold starters now sell from about £120 upwards, according to rarity and condition. Considering they contain about £60 gold, this is not a high price to pay for a piece of British history. Silver denominations can be purchased from £50 upwards.

J. Pearson Andrew is Consultant Editor of Coin & Medal News and UK Correspondent for Coin World (USA) and the Australian Coin Review.

J. Pearson Andrew

Ian Player reports on the World Wilderness Congress

Conservation in action

THE symbol of the World Wilderness Congress, which has been meeting in Denver, Colorado, this week, is the green erythrina leaf.

It was taken by the Wilderness organisation from the words of "Grey Owl" the visionary Englishman who became a Ojibway Indian: "You are tired with years of civilisation. I come and offer you — what? *A single green leaf!*" The three points of the leaf represent the relationships of man-to-God, man-to-man and man-to-earth.

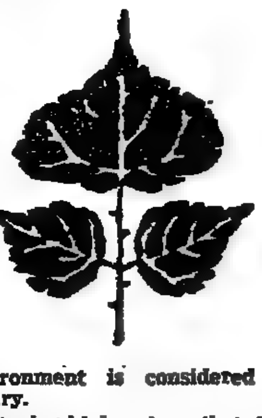
This is a fine image for a fine concept, yet the upshot in Colorado this week has been detailed discussion of such practical matters as the financing of conservation projects in developing countries, an inventory of global wilderness areas and the exchange of conservation techniques and experiences throughout the world.

More than 1,100 people attended the triennial international convention at which scientists, bankers and cabinet ministers gathered with people of indigenous cultures, non-governmental organisations, conservationists and citizens representing more than 55 countries to discuss new concepts in "Wilderness" and the future of the world's natural resources.

The congress brought together artists, musicians, the Native American Council of Elders, an 87-year-old Zulu tribal elder, along with Norway's premier and Ministers of the Environment from Botswana, Hungary, Canada, Australia and the People's Republic of China. They were joined by bankers and businessmen (such as Edmund de Rothschild and David Rockefeller), multilateral aid agencies (such as the World Bank and UN Development Programme) and top scientists in the fields of tropical rain forests, forestry, population and environmental stress.

The goals at each World Wilderness Congress are designed to fit the host country's concerns. The first Congress, held in Johannesburg in 1977, placed members of different races on the same platform, breaking colour barriers only a year after the Soweto riots. At the second congress, held in Australia in 1980, Mr Malcolm Fraser, then the country's premier, recommended the Great Barrier Reef as being suitable for inclusion on the World Heritage List. Subsequently, specific areas were brought under protection and management. The third congress, held in Scotland in 1983, announced the ratification of the World Heritage Convention for the UK.

The fourth congress sought to provide a means to balance the tough issues presented by extensive environmental degradation, often fuelled by economic development porgrammes, with conservation projects in countries where protection of the



environment is considered a luxury.

"It should be clear that the development prospects of a country are intimately tied to its natural resource base," Mr James Baker, US Treasury Secretary, told the Congress in an address to delegates this week. "We cannot expect to conserve our environment if we preach a policy of limited growth and opportunity — if we deny to the citizens oft he developing world the dream that built our own nation — the dream of economic opportunity and a better life. But I believe we can succeed in preserving that heritage if we make clear that the fulfilment of that dream depends on conservation. Conservation should not be the enemy of prosperity, it should instead sustain and enrich our prosperity."

One of the major goals of the congress was the creation of a World Conservation Banking Programme, spearheaded by Mr Michael Sweatman, a member of the congress executive committee. The international banking programme wauld establish more conservation projects in developing countries where the environment is under siege. Mr Sweatman's programme aims to assist developing countries in obtaining finances to establish national conservation strategies an dto enable swaps of massive Third World country debts for conservation projects in those countries.

Another congress goal was to increase awareness of the amount of Wilderness left in the world. The congress was told that only 30 per cent of the world remains in wilderness, most of it in Arctic and Antarctic areas and in the desert regions of Africa.

Most of the high Arctic areas that remain wild are located in the Soviet Union.

Mrs Brundtland, Norway's premier, delivered the World Commission on Environment and Development report, "Our Common Future," before flying from Colorado to the UN in New York to present the commission's findings. The public hearing capped the week-long international conference with another discussion of the link between environment and economic health.

Dr Ian Player is founder of the International Wilderness Leadership Foundation and Honorary International Chief Executive of the World Wilderness Congress).

Magqubu Ntombela and Ian Player . . . learning the laws of the Wilderness

Honour bound

THERE IS an extraordinary relationship between Ian Player, founder of the World Wilderness Congress, and Magqubu Ntombela, a Zulu who accompanied him to Denver this week.

A hundred years ago Player's grandfather and Magqubu's father would have fought to the death in the Zulu Wars. Today the two men are far more than colleagues, more even than friends: they call each other teacher, brother, even father; over 35 years they have learned from each other.

Player first became an international figure when he was running Natal's game parks and was famous for "saving" the White Rhino. Magqubu is a remarkably youthful 87-year-old who cannot read or write and speaks only Zulu. Yet Player will insist that he learned the true spirit of "Wilderness" through Magqubu.

In turn, Player has been able to act as the medium through which Magqubu's insight into the wisdom of the Zulus concerning the *relationship* between man and nature can be communicated to the modern world in an age when many younger Zulus have lost touch with the traditional knowledge. Hence the arrival of Player and Magqubu at the Wilderness Congress in Denver as a team.

Player and Magqubu are based in Natal and still go out into the bush on foot acom*panying small groups of visitors* to the Umfolozi Reserve. For five days you live in a camp, sleeping under the stars around *the camp-fire, trekking into the* bush, listening to Magqubu's stories of the animals and plants and learning what Player *calls the laws of the Wilderness.*

Player—who has for many years has been close to Sir *Laurens van der Post*—believes that it is necessary to honour the Wilderness as you would honour the Unconscious. You enter the *Wilderness on foot*—essentially without protection—and are brought into contact with the wilderness within. And Magqubu, who always accompanies Player *tells* his tales.

For example, his tale *of* the Tree of Life, the Mpafa. All animals feed from it but at different levels. It has thorns that go both ways—the Zulus say that the short thorn is the past you always carry and the long one is the way you are going in the future. The giraffe feeds from the top and the porcupines below, where they eat the bark.

When Magqubu's father died in Durban, his body came home but not his soul; this had to be fetched. So Magqubu goes to the Mpafa tree and picks a twig with a leaf on it, which he takes to the place his father died. Then—as it has become his father's soul—he asks it to come home and the twig, as the soul, agrees. So he buys two train tickets and, in the carriage, he lays the twig upon the seat beside him and talks to it so it won't be lonely. If he went to a pub for a beer, he explains, he would buy two beers. Then he brings it home to a house made especially for it in his kraal. This becomes the place in the kraal where the important family decisions are taken, because the ancestor, now that he has come home, can be consulted.

Before they flew to Colorado last week Player and Magqubu went to Brecon, to visit the Royal Regiment of Wales, to achieve a similar resolution. Magqubu's father killed four Redcoats of the South Wales Borderers at the battle of Isandlhwana in 1879 and Magqubu needed to visit the regiment to honour all those who fought in the battle—Zulu and British.

After the Colonel and the old Zulu had lunched and exchanged gifts Magqubu went to Brecon Cathedral and knelt with Player beside the Colours of the Regiment and prayed out loud, intoning the names of the Zulu chiefs, and Queen Victoria. Then the spirits could return home — and so, for Magqubu and Player, the war was over.

(Any readers who are interested in the Wilderness Leadership School trails in Natal should contact the Gaia Foundation, 18 Well Walk, London NW3 1LD).

Jules Cashford

Danny Gillman on Liathach, Torridon—one of the Munros

Climb every mountain

Peter Gillman on the obsession to ascend the Munros—277 of Scotland's top peaks

BEINN SGRITHEALL—pronounced Ben Scrioll, the scree mountain—is not one of Scotland's most celebrated peaks. It stands by itself on the northern shore of Loch Hourn, a lonely fiord on Scotland's jagged north-west coast. It is ringed by mountains of far greater renown, among them the Torridon peaks to the north and Skye's majestic Cuillin Ridge to the west.

Yet, Sgritheall has much to offer. The most enticing path to its summit begins a short distance above Sandaig, the tiny golden bay where Gavin Maxwell wrote *A Ring of Bright Water*. As we laboured up Sgritheall's abrupt southern fink last month, we crossed a burn that tumbles down to Sandaig. As we looked back we could see where it runs into the sea—the very place where Maxwell's otters fished and played.

Sgritheall also has an eerie, isolated loch trapped in a hollow on its eastern ridge, and some satisfying scrambling as the ridge steepens towards the summit. For the most part, the ridge was wreathed in clouds as we climbed; but near the top they cleared to reveal Skye and the Cuillins, a misty blue in the evening sun, and beyond them the shadowy Outer Hebrides.

For us, Sgritheall had one more prize. As my son Danny and I reached the summit cairn, we offered the mountain a ritualistic incantation.

"*That's 29,*" I said.

"Twenty-eight," said Danny.

Those readers who already know of the Munros will at once recognise our code. For the others, the term refers to the Scottish mountains which exceed 3,000 ft in height. There are 277 in all, and Sgritheal one.

There is a coterie of walkers and climbers who make it their goal to climb all 277 Munros. It is one of those essentially pointless and obsessional pursuits in which the British appear to specialise, and until this summer I thought I had managed to resist its call. As my exchange with Danny indicates, I might now have succumbed.

Thus, it can be seen that I was imparting the information that Sgritheal was my 29th peak, with Danny confirming he was still one behind. Implicit in my comment, of course, was the acknowledgement that I still had 248 peaks to go.

The person who I and fellow-walkers can thank—or blame—for our obsession is an engaging Victorian eccentric named Sir Hugh Munro. After a diverse and colourful life, in which he was variously a professional soldier, King's Messenger, private secretary to the governor of Natal, Conservative parliamentary candidate and a collector of fossils, eggs and butterflies, he devoted himself to making the first systematic list of Scotland's mountains.

In 1891, Munro published his *Table of Heights over 3,000 feet*. He counted 283 in all—"some," as the fledgling Scottish Mountaineering Club declared in awe, "perhaps never ascended."

Munro next set himself the goal of being the first person to climb all 283. From his base on his family estate in Fife, a servant would transport him to remotest Scotland by dog-cart. There, he would stride off alone, carrying a long-handled ice axe to assist his ascents and an aneroid barometer to check the heights.

By 1918, at the age of 62, Munro had just two peaks to go. He was already planning the celebrations for his final ascent when tragedy struck. That summer, Munro joined the Red Cross and went to France with two of his daughters to run a canteen for the British troops. He caught a chill which developed into pneumonia, and he died the following year.

Munro's prize was taken by the Reverend Archibald Robertson whose parish of Rannoch, close to Ben Nevis and Glencoe, was conveniently surrounded by Munros. Robertson did most of his travelling by bicycle and spent 10 years at his task.

By 1939, only six other walkers had completed the full round. But in the 1970s, as outdoor pursuits boomed, the total soared. It has now passed 300 and is rising by dozens every year.

In the manner of obsessions, a remarkable range of records has been set. The longest time taken for the complete round is 57 years. Until recently the fastest was three and a-half months, by the redoubtable Hamish Brown. Now, a bespectacled former accountant named Martin Moran has done it in 83 days — a feat all the more extraordinary since it was achieved in winter with the achieved in winter.

It can also take a terrible hold. Far from being satisfied when he completed his round, Hamish Brown went on to make another seven.

Some when they finish go on to climb the Corbetts, the 223 peaks between 2,500 and 3,000 feet, and then the 86 Donalds, between 2,000 and 2,500 feet. Others scour the rest of the British Isles for 3,000 ft mountains—there are eight in Snowdonia, four in the *Lake District* and seven in Ireland.

Inevitably, too, where obsessions are concerned, arcane disputes have broken out. The most persistent concern what precisely constitutes a Munro: whether a peak can reasonably be called a *separate mountain* or is merely a "subsidiary top."

After several revisions, Munro's original list has been reduced by six. The Scottish Mountaineering Club, while conceding many of Munro's original choices were "random or irrational," has now decreed that further changes must be resisted—otherwise, "the tables would no longer be Munros."

For years I resisted all of this: the scrutiny of maps, the compiling of lists, the arguments over whether a mountain deserved to be a Munro. By this summer, at the age of 45, I had reached a desultory 28.

It is true that even this total brought me a gamut of rich experiences that left me wanting more. They include battling through a howling winter gale to the summit of Buchaille Etive Mor in Glencoe; fighting heat and thirst on the Torridon peaks of Liathach and Beinn Eighe; crouching athwart the Inaccessible Pinnacle on Skye, the only Munro that requires pure rock-climbing techniques; and scurrying up Blaven one evening to see Skye's entire Cuillin Ridge rising majestically through the clouds as dusk arrived.

But still I thought I was immune to the Munros' call. I persisted in my belief even after climbing Sgritheall, our first outing during a fortnight's holiday this summer in Kintail. Then, I succumbed.

Virtually within sight of our cottage was the South Cluanie ridge, which contains no fewer than seven Munros in its 10-mile switchback length. It was impossible to resist.

We set off for the first peak at the ungodly hour of 8 am and spent the entire day in a world of our own, sometimes swathed in clouds, sometimes dipping below them to survey the desolate wilds of Kintail and Knoydart beyond. After 11 hours we stumbled back to the roadside, weary, parched but gratified, with the seven peaks under our belts. In one day, my total had been elevated to a staggering 36.

Although our pace slackened thereafter, by the time we headed south at the end of our holiday I had 41 Munros to my name. (Danny was on 40, having slipped out one morning to climb the peak that would bring him level; two days later, when his back was turned, I took it back.)

A map of the Munros now hangs on my wall, bearing 41 marker pins; guidebooks are spread across my study floor; writing commissions that will take me back to Scotland are being sought. The arithmetic is daunting: 20 peaks a year would take me 12 years, by which time I will be 57.

Food for Thought

Kitchen devils

SO THAT'S how you do it. Those of us who have struggled to get the *highly desirable* scorch marks on flaking turbot or impervious steak will appreciate the significance of *this tip*.

Heat a thin metal rod, or skewer, or poker, until it is red hot (not so easy on an electric hob), and then brand the fish or meat with whatever fancy pattern appeals to you before you cook it.

At least, that is how they do it in the kitchens of the May Fair Hotel in London. There they were, little piles of turbot escallopes, each being given the chequerboard treatment by a young man in chef's whites. Later these same escallopes reappeared, cooked and filled with spinach and chanterelles, as *coussinet de turbot farcie aux champignons des bois*.

It is not every day you are invited to eat with a chef. Chefs, especially those like Michael Coaker at the May Fair, are busy men. However, the May Fair is opening its kitchens to the public—not on a grand scale and not every day.

Occasionally eight or so people will be invited to the chef's cabin which is decorated with diplomas of every kind. Through the glass wall that looks out on to the kitchen, you can see white garbed sous-chefs, sauce chefs, pastry chefs scurrying to and fro, and glimpse how that *noisette d'agneau au fumet de truffes* is actually put together.

The reasons for this hospitality are many and varied. *Obviously it will not do the* May Fair any harm. But even fashionable watering holes have to face up to commercial competition like one or two other establishments, the May Fair has decided to lead with its food.

The problem is that the quality food Michael Coaker and his team produce is expensive. While we fork out quite happily for expensive gadgets, fashionable clothing and even education, we are often reluctant to do so for the food we eat.

When the bill arrives, the accountant in you shrieks and you struggle to maintain sang-froid. Ridiculous! How could it come to that much?

Twenty feet below you, men and women are beavering away in temperatures that would make a stoker in a First World War dreadnought blanch. They're adjusting a sauce here, lugging a great stock pot there, setting out the leaves of lambs tongue, lettuce, shouting, steaming, stirring. Michael Coaker has a team of about 40 under his eagle eye to adjust, lug, set out, shout, steam and stir. He works a 14-hour day.

Nevertheless, he is genial about his profession. Possibly encouraged by a third glass of Ducru Beaucaillou 1945, he is free with its secrets. You want to know why the galette of shredded potato turns out so neatly in one piece. He will tell you. How do you infuse pistachios for a *crème de pistache*? "Perfectly straight-forward, my dear fellow."

So the next time you peer at your bill and gasp, spare a thought for the skill and labour that goes into producing the food—assuming you have eaten well, that is. If you have any doubts whether it's all worth-while, go down to the kitchens of the May Fair Hotel, and see how it's done.

For further details, contact Jilly Wood, May Fair Hotel, Stratton St, London W1A 2AN. Telephone: 01-629 7777.

Peter Fort

White is right at Tesco's

Wine

IN THE PAST few years Tesco has improved greatly its list of wines. A good selection can be found in 130 of its "superstores," although 300 branches are licensed. At a tasting recently of 73 of its wines, including fortified and sparkling, I sampled 40 table wines and Tesco's own-brand champagne, which comes from the very large Epernay buyers'-own-brand firm of Marne et Champagne. With a nice crisp nose and dry flavour, it is certainly competitive with other grocery-chain champagnes at £7.99.

Of the low-priced wines, I preferred the whites to the reds. The Midis and Rhônes lacked much character, and the Cahors (£2.39) was very green and coarse. Perhaps there has been too much concentration on price. But one might have expected more from Tesco's own-label Médoc (£3.39) and St Emilion (£3.99) that lacked fruit and character, though the *claret (£2.35)*, mentioned below, was relatively much better.

These are the wines that appealed to me most, all 75 cl content unless indicated.

WHITE

Sauvignon Blanc N.V. (£5.19—1½ litre). A typical Bordeaux sauvignon, with assertive nose and fruity flavour. An excellent party wine served cool.

Apremont, Vin de Savoie N.V. (£3.59). Savoy wines are seldom seen here, and this one is a firm, slightly hard wine, but with a distinctive flavour.

Domaine Descoubes, Vin de Pays des Côtes de Gascogne 1986 (£2.19, 70 cl). From the Armagnac country, and though a little sulphury on the nose, fresh and full flavoured. A good example of a dry white wine from a hitherto depressed vineyard district. Excellent value.

Pouilly-Fumé, Les Griottes 1986 (£5.29). Produced by Michel Bailly, a well-known grower, this has a slightly nose-tickling bouquet and a typical, very dry, but still a little green in flavour. Good wine, but for my taste needs more bottle-age.

Sancerre 1986 (£6.90, 70 cl). The Vacherons make one of the best Sancerres, and this has a lively, crisp aroma, a fruity aroma, a fruity flavour and a long taste. This too could benefit from another six months bottle-age. For Sancerre, one pays the price of its popularity.

Meursault, Francois Martenot 1984 (£12.99). From the de Villamont firm of Savigny, this has the authentic Meursault bouquet and deep flavour. Pricey, but very good for an under-valued white burgundy year.

RED

Tesco Claret N.V. (£2.35, 70 cl). A blend of '85 and '86, this has an authentic claret nose and young but fruity flavour. Good value.

Ch. Ducla 1984 (£6.89, 1½ litre). A basic Bordeaux appellation claret from a property in the Entre-Deux-Mers, this has an elegant claret bouquet, and is soft and forward. If the vintage implies a little severity. Very agreeable wine for current drinking.

Bourgogne, Hautes Côtes de Nuits 1983 (£4.89). Very pale coloured, agreeable light burgundy, with a touch of class and easy to drink.

Châteauneuf-du-Pape, Les Arnevals 1985 (£5.79). Typically strong fruity wine with lots of flavour that will reward keeping for a year or two, though drinkable now.

Rioja Gran Riserva 1978 (£3.49). With an oaky aroma, very light colour and soft, long flavour, this is a mature Rioja from the reliable firm of BerBerana. At its peak for drinking now, and very good value.

Barbaresco NV (£4.55). From the excellent Barbaresco co-operative this is a tannic wine, with a good deal of acidity, but also plenty of fruit. Worth putting aside for a couple of years. Good value for a wine usually costing more.

Ch Langoa - Barton 1984 (£10.99). This classed-growth St Julien shows how much better were the 1984 Médocs than originally suggested. With a full colour, lovely Médoc nose, quite oaky, good balance of flavour. Surprisingly drinkable but will be better.

Edmund Penning-Rowsell

PUFFBALL or bubble skirt (£49) and fitted jacket (£179) from the Jean-Paul Gaultier Courtelle Collection. The fabric for the puffball skirt was developed by Jenny Hughes from Trent Polytechnic—quite unlike anything you will have seen before, it is semi-transparent with a raised abstract pattern. The fabric for the fitted jacket sports rubber and metal as well as Courtelle. Developed by Fiona Fitzpatrick from Huddersfield Polytechnic, it, like the skirt, comes in shades of grey and rust only.

BOMBER JACKET made from a fabric developed by Zoe Youngman from Winchester School of Art. In rust and grey, the fabric has a complex textured effect and is much softer to wear than it looks. It is shown here worn with a tight skirt in a fabric designed by Freddier Robbins from Middlesex Polytechnic (this fabric was not among the winning designs but Gaultier liked it enough to use in this collection. The bomber jacket is £169, the skirt £49, and both are to be found exclusively in the Zone department of Harvey Nichols, Knightsbridge.

Affordable glamour

ONCE DUBBED the *enfant terrible* of French fashion, Jean-Paul Gaultier is fast turning into a distinguished grown-up. This week, all those who have followed the output of this endlessly fascinating designer (who else, after all, would put video screens into the floor of his boutique? Who else would propose doublet and hose as appropriate city wear? Who else would think of putting men into skirts?) will be able, for the first time, to buy authentic Gaultier designs at accessible prices.

Downstairs in Harvey Nichols' Zone department there is now a complete capsule collection of Gaultier designs. To those accustomed to grand designers boasting of using only pure this or natural the other, it may come as something of a surprise to find that all the garments in the collection are made from Courtauld's Courtelle.

Needless to say, this didn't come about by accident. Gaultier *himself* has long used a wide range of fabrics, and he has always been intrigued by the design possibilities that modern artificial fibres have to offer. Who better then to join hands with Courtelle, working as a special guest designer to help textile and fashion students develop some exciting *new fabric designs?*

So when you look at the clothes, look closely at the fabrics, too. All are highly innovative, all are award-winning designs, and all are the work of students currently at British design colleges. Gaultier and the student who designed the fabric he uses share the glory on the swing tickets. The prices for all this glamour and innovation seem exceedingly good to me.

If you have long nurtured a desire to meet the man himself, now is your chance. Jean-Paul Gaultier will be in the Zone department of Harvey Nichols on Tuesday, September 29, between 12 pm and 1.30 pm, when he will introduce the collection; he will be happy to talk to members of the public. Those interested to see just what the Gaultier designs look like on real live people will be able to take a good look at them on the models who will be wearing and presenting the new collection.

It's worth noting, at the same time, that the winning capsule collection designs by students in the Courtelle Design Awards scheme (as distinct from the Fabrics Award Scheme), are going into the shops now, too.

Under this scheme students at fashion colleges work closely with retailers and wholesale groups to develop capsule collections of clothes which, unlike the winners of many other design competitions, actually end up in the shops, where they face the sternest test of all—whether or not they sell.

This year more high street retailers than ever have joined the scheme. You can find the results of this triangular relationship (Courtelle, student, and retailer/wholesaler) in outlets as varied as Principles (a particularly elegant and wearable collection from William Chan) and Marks & Spencer. There is some charming prettiness from Bridget Hulme for Hennes, and some jolly stripey knitwear from Patricia Winskell for Jeffrey Rogers.

L.v.d.P.

DESIGNED TO SELL

IF YOU have always thought that design competitions sound fine and dandy in theory, but are a little remote from you and me in practice, here's one that is a little different. The results of this year's Courtelle Design Awards competition are going into High Street shops all this month, and anybody interested in seeing just what our talented fashion students can produce can go out and buy their designs here and now.

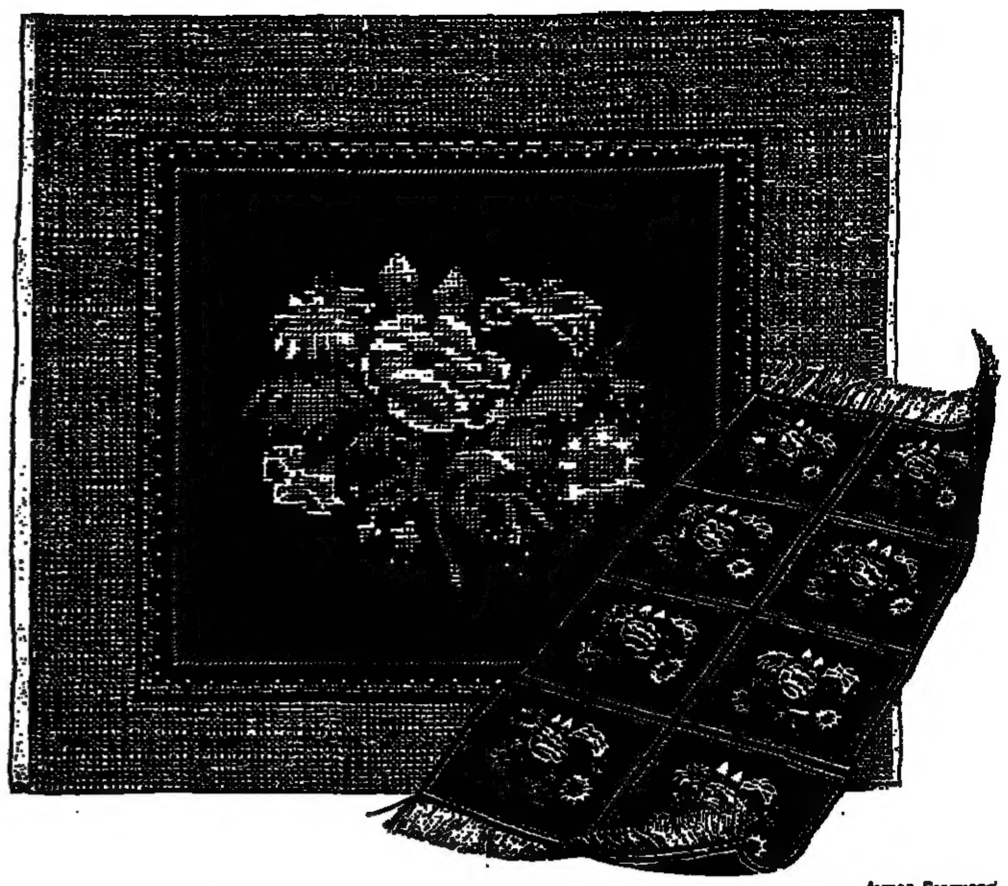
From Marks & Spencer (where some interesting knitwear for men is on offer) to Connections, Mothercare, Hennes and Principles, a whole clutch of innovative designs are on sale. Perhaps the most wearable and elegant of them in the fluid Courtelle "jersey" dress (above) by William Chan from Harrow College of Higher Education, which is on sale in main branches of Principles. Available in sizes 10, 12 and 14, in praline (or, more prosaically, toffee colour) and graphite, it sells for just £45.99.

Lucia van der Post

HOW TO SPEND IT

Sew nice, sew easy

The children are back at school, the nights are drawing in and, before we have time to draw breath, it will be Christmas. In popular mythology, this is when the family gathers quietly round the hearthside gently pursuing its civilised pursuits. My life seems to spin by as hectiely as ever but there are those by whom the autumn really does bring a quiet breather between the summer round and the endless quest for something to please dear Aunt Dorothy. For them, a little needlework might be just the thing. The cottage industry of talented women supplying needlework seems to grow apace and this year the choice is larger than ever. The trend seems to be more nostalgic than ever, too, and if your taste runs to soft cabbage roses, Victorian colourings or sentimental animals, then you will be well pleased. Featured here are just a few of the best of this autumn's offerings.



James Ferguson

THERE SEEMS almost no end to the desire of readers to stitch their own cushions, samplers, rugs and pictures. Last year we asked Kaffe Fassett and Hugh Ehrman to produce a design for a stitch-your-own rug based on the traditional colours and patterns of the kelim. It was a great success with readers but *it* had one drawback—it was a little on the small side.

This year, we again asked Ehrman and his team to produce a design specially for FT readers, but this time with the aura and charm of the Victorian needlepoint rug. Its great additional feature is that it is infinitely flexible based on 15 inch squares as it is you can sew as many or as few as you like. I would suggest a minimum of 12 — that is, three squares wide and four squares long which would give you a rug 45 inches wide and 60 inches long. The really energetic, or those with fast fingers, can make the rug as *big as they like.*

If you buy five kits or less the cost is £14.95 each, but if you order six or seven the price falls to £11.50. For eight or more, the price goes down even further to £9.95 a square.

The colours are dark and rich with a black background and flowers in glowing red, green and yellow. They are worked on seven mesh canvas and the stitch should be cross-stitch. The kits contain all the yarn needed —Rowan Persian yarn, 100 per cent wool, *is* used—*as well* as the printed canvas, needle and all instructions.

If you don't fancy doing a whole rug, you can use a single square to make just one cushion. Order the size of kit you think *you can cope with from Ehrman,* 21/22 Vicarage Gate, London W8.

If you are interested in a wide range of stitching ideas, Ehrman's latest tapestry and knitting catalogue is his fattest and best *yet*—lots of *glorious* ideas from old-fashioned cabbage rose footstools to cushions galore. Again, write to the address above.

Alan Harper

THE VICTORIANS had the right idea about pets — they liked them quiet, docile and inanimate. They loved them in pictures, in wood, on tapestries, and there seems a sudden spate of modern companies determined to give us modern versions of these Victorian fancies.

Here, from Glorafilia, is just one of what it calls "Perfect Pets"—animals strictly for indoors. Put them on a chair, on a bed, by a fire, use them as a doorstep or a firescreen.

Perfect Pets include a 19 inch King Charles spaniel (£34.95), a marmalade cat (16½ inches by 11 inches, £29.95), a lapdog (£34.95), two decoy ducks (£29.95 each) and the haughty black-and-white cat (£34.95), pictured left. All come in complete kit form—a 10-hole canvas handpainted in full colour, wool, cotton, needles, backing fabric and even ribbon where appropriate.

For full details or the kits themselves write to Glorafilia, The Old Mill House, The Ridgeway, Mill Hill Village, London NW7 (telephone 01-906 0212).

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THE CRAZE for Victoriana goes on and *on* and not surprisingly supplies of the genuine article have begun to dry up. If you have searched the antique shops in vain for those authentic Victorian needlework pictures, you need look no more —you can make your own.

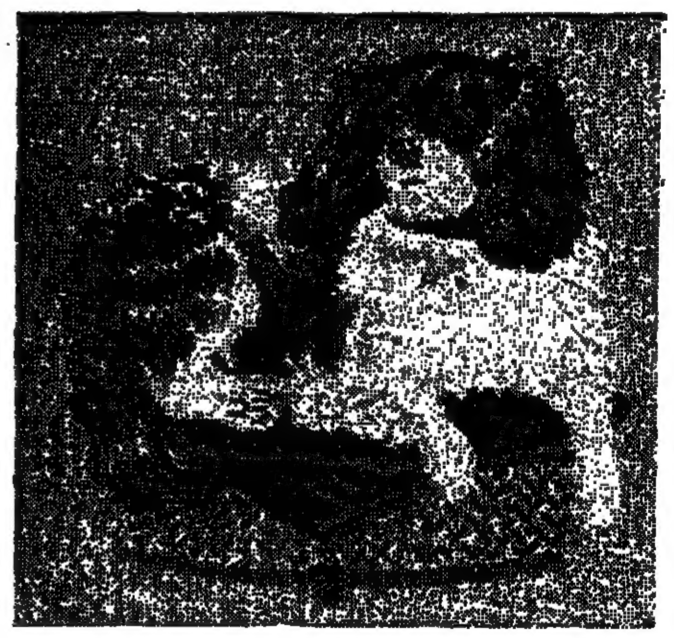
Elizabeth Bradley has long been a dealer and collector of antique needlework and, seeing that the unending demand for 19th century animal Berlin woolwork pictures could never be *met*, she decided, like all good entrepreneurs, to fill the gap. She set about designing kits that retained all the qualities of the originals.

There are 12 different animal kits, each taken from original Victorian patterns like the one photographed right, which shows Queen Victoria's pet spaniel, Dash. To give the authentic patina of age, all the wools in the kit have been chosen in faded colours so that the end-result should look as close to original 19th century examples as possible.

Each kit makes up into a 16 inch square, which can be framed and used as a picture or turned into a cushion, stool or chair. If you have the time and energy to make up several, you can join them together to make a rug.

In Victorian times, when the art of needlework was at its height, every woman could work from a chart and count the *threads to make up the pattern.* These days, when such skills are less widely known, many of us might prefer to work on a printed design—Elizabeth Bradley supplies both. The stitch used is a plain cross one.

Each of the first two animals (Dash and a plump cat on tasselled cushions) can be worked against a different background colour which changes *the character of the finished* work enormously. Choose from black, green, red, yellow, dark blue or pale blue. Each kit costs £29.50 (p+p in the UK £1.50, overseas £5) and you can buy them directly from Elizabeth Bradley Designs, PO Box 1, Beaumaris, Anglesey, North Wales, LL58 8RP. You can also find them at Liberty or the Royal School of Needlework.



STITCHERY HAS long been one of my favourite suppliers of needlework kits—there is a small, carefully edited selection of designs, all of which specialise in a sweet old-fashioned charm. The range has expanded since I last wrote about them and there are now three samplers, all based on traditional themes (Appletree Sampler, The Herb Garden and The Country House) and all in those soft faded colours that look just right. They range in price from £22 for The Country House Sampler to £19.95 for The Herb Garden.

Stitchery also has one of the prettiest of small samplers (pictured above) to commemorate the birth of a child. The background comes in pink or blue and it costs just £8, and I can hardly *think* of a nicer present for a new mother.

If you'd like to get your children stitching, Stitchery has just introduced a series of children's kits.

They use polished canvas with quite large stitches (the canvas has 14 holes to the inch) and the starting series—a pig, cow, cockerel and a sheep—could all be framed to make attractive nursery pictures. The complete kits are £4.95 each.

For a full colour brochure and/or the kits themselves write to Stitchery, Little Lodge, Watts Road, Thames Ditton, Surrey KT7 0BX.

From this Monday to October 3, Stitchery will be having an exhibition of its kits, in completed form, in Liberty's Needlework Department and, of course, there will be a chance to buy the kits themselves there. In addition, it is a good opportunity to ask for any advice if you are not an experienced *stitcher*, as somebody from Stitchery will be there every day of the exhibition.

David Lascelles on options in Threadneedle Street

Taking account

PORTRAIT OF AN OLD LADY: TURMOIL AT THE BANK OF ENGLAND
by Stephen Fay. Viking. £10.95. 208 pages

A WICKED joke is told of Mr Robin Leigh-Pemberton, the Governor of the Bank of England in this portrait of the institution he runs. An official comes into his office and says: "*Base rates have changed.*" The Governor asks: "Which way?"

Unfair though it doubtless is on a Governor who may not have been a hugely popular choice but who has had a tougher time than many of his predecessors, it nevertheless sums up a lot about the Bank today.

Its mystique has evaporated, its esteem is on the decline and even its authority now has to be buttressed by statute where previously it operated with a glance and a quiet word. The subtitle which Mr Fay has chosen for his book "Turmoil at the Bank of England" may strike even its harsher critics as an exaggeration, but this is an excellent time to be reassessing the Bank.

What after all, as Mr Fay asks, is a central bank *for?* If it is really to protect the currency, as it claims, then the *Bank's dismal record in this* regard should have led to its abolition long ago. But the Bank of England has always had a "special role" to play, though quite what it is, few people can precisely say. Mr Fay has a good try.

The virtue of this book is that it does not waste many pages retelling the Bank's rather hackneyed history. Even Montagu Norman, the greatest Governor of this century, gets short shrift. Instead Mr Fay concentrates on the last three governors—O'Brien, Richardson and Leigh-Pemberton—all of whom are familiar as living creatures rather than oil paintings, and who are most relevant to the bank's changing role.

O'Brien, who is dubbed "the last of the gentlemen," clearly emerges as the last heir to the Bank's great traditions of "effortless superiority" when the City was one big club. But he set change in motion with Competition and Credit Control in the early 1970s which hacked away the cartelism that was stifling the UK financial system.

By the time Richardson (the "elegant meritocrat") came on the scene in 1973, CCC had helped plunge Britain into the secondary banking crisis. And though Richardson's severe mien and straight talk conveyed a sense of strength, his term will best be remembered for the Lifeboat, monetary crises and confrontation between the Bank and the government.

So when Leigh-Pemberton took office in 1983, the Bank's had already lost a lot of the moral authority which made it effective as a guardian of City affairs and as a go-between for the City and Whitehall. Its fragile independence was in question, and its fallibility evident. But the process was hastened by the appointment of what many people saw as an unsuitable Governor, and cataclysmic events like the Johnson Matthey Bankers affair and the Big Bang. "The Bank's mystique," writes Fay, "crumbled like some ancient artefact suddenly exposed to air and light."

One always has to be a little careful when criticising the Bank. There is a strong temptation to relish the sight of this seemingly self-important institution being humbled, and much of the storm over JMB was fuelled by the delight of the bank's enemies rather than any real concern about the rescue. In fact, there is much less arrogance within the Bank than many people imagine; there is even a touching sense of vulnerability. And for the record, the total cost to the Bank of mopping up JMB was £20m, not the "hundreds of millions" widely reported.

But JMB was, by any measures, a disaster not just because of the Bank's negligence, but for the messy aftermath and the refusal of the *Governor to restore faith in* the Bank by being seen to discipline the culprits. Unfortunately Mr Fay connives in this cover-up; he knows who the official responsible for JMB was (it was a woman) but he agreed with the Bank not to name her.

Generally, though, Mr Fay gives an unflattering portrait of the Old Lady and reveals her in her new nakedness. To be fair to the Bank, he could have given her greater credit for that other great event in the City, the Big Bang. The Bank was the stage manager for this financial spectacular, and with considerable success.

Its officials did a lot of the intellectual preparation and encouraged the new alliances between banks and stock exchange firms. The fact that a year later there have been no major casualties reflects well on Threadneedle Street.

The irony, though, is that Big Bang will itself hasten the Bank's *decline.* In the new marketplace—open, vigorous and intensely competitive as it is—there is no place for a nanny or moral tutor, or however you define the Bank's past "role." The new Banking Act has given the Bank extra statutory powers but that only makes it more like a department of Whitehall. Whether the Bank preserves any influence over monetary policy depends on personalities but under *this government at least* it has begun to look like a transmission belt for the Treasury.

This is an absorbing and colourful book which should satisfy both those who want to learn about the workings of the Bank (there is a particularly good section on how banknotes are made and destroyed) and those who want to form a judgment about one of our more eminent institutions.

Bank of England and employee: a new book, out on Monday, speculates on what the future holds

A. L. Rowse on a small land's domestic vision of life

Dutch uncles

THE EMBARRASSMENT OF RICHES: AN INTERPRETATION OF DUTCH CULTURE IN THE GOLDEN AGE
by Simon Schama. Collins. £19.95, 698 pages

OF ALL the European peoples the achievement of the Dutch has been the most remarkable, when one considers the smallness of the country, its population and resources. In history size is not everything: cultural creativeness is often greater in smaller, more concentrated areas. This, however, is not the subject of Mr Schama's rich, over-generous book. He is not concerned with language or poetry, theatre or music, *nor* with history and literature—the cultural heights. His subject is the household culture of the Dutch.

To illustrate this he makes admirable use of Dutch painting. As an historian Mr Schama has exceptional visual sense—he is particularly good on Jan Steen. Here again it is not the men of outstanding genius who concern him, but more homely painters like Peter de Hooch and Nicholas Maes. This is doubly appropriate, *for* most *foreigners derive their* impressions of Dutch life from paintings.

One epic of Dutch achievement is the continual struggle against the sea, pushing forward these frontiers, creating land through the polders. (I often think that the Dutch would never tolerate the Wash: they would turn it into an additional county!) The second epic was the prolonged struggles with the overmighty powers of Philip II's Spain and Louis XIV's France. It was in the course of struggle against odds that the Dutch generated their toughness—though Mr Schama does not use the word—and that a new nation came into existence, or, rather, created itself.

By the same token, a remarkable sense of community was consolidated of diverse elements—dominant among them free farmers, and in the towns merchant capitalists. Mr Schama draws our attention to the way all sorts and conditions skated together in the paintings. Hard work, along with hearty enjoyment, and a mania for cleanliness are characteristic and no less visible: activity is a keynote, as against southern cultures.

Result: the Dutch enjoyed a higher standard of living: "the Republic was an island of plenty in an ocean of want." Along with greater freedom and toleration, better treatment of women, etc, there really was more to eat. We learn that Dutch kitchens were more lavishly equipped, though we might have guessed as much from the paintings.

Dutch culture was more demotic—there was no "aristocracy of manners"; one cannot avoid characterising it as bourgeois. This aroused the scorn of pomposities like Louis XIV (Dutch William of Orange gave him his comeuppance), expressed by the French in:

Amsterdam, quoiqu' on la loue
Est faite de merde et de boue.

It smelt to high heaven—so did Versailles.

The historical problem is how the nation came to create itself. Mr Schama does not solve this for us; I cannot but think that language is a fundamental factor. He does not deal with this, and it is missing from his index. Perhaps in his next book he will add to our debt by enlightening us—maybe on the lines of Burchfield's brilliant short book on the English language, so close the Dutch.

Quite apart from its intrinsic merits, Mr Schama's book has a wealth of wonderful illustrations. It is a marvel of production at the price.

Fiction

Stage frights

THE PLAYMAKER
by Thomas Keneally.
Hodder and Stoughton, £10.95. 310 pages

THE OTHER GARDEN
by Francis Wyndham.
Cape, £9.95. 106 pages.

TRUST ME
by John Updike.
André Deutsch, £9.95. 249 pages

DAVY CHADWICK
by James Buchan.
Hamish Hamilton, £9.95. 145 pages

THE HOUSE OF HOSPITALITIES
by Emma Tennant.
Viking, £10.95. 184 pages

TWO HUNDRED years ago almost exactly, a camp of tents and huts round a cove is establishing British ways—floggings, hangings, monogamy of a sort, agriculture, dinner parties and even amateur dramatics — at the other end of the world, an unexplored and still unnamed land peopled by its *ab origine* natives. Naval officers, with marines to carry out their orders, organise the future of the petty thieves transported there, after a year-long voyage that has left most of the surviving women with a child or pregnant. Named after a "London political jobber," the Home Secretary Tommy Townshend, recently ennobled as Viscount Sydney, it already has "the flavour of British factional politics."

Even so far from home, perhaps particularly because so far from home, the monarch's birthday is celebrated as it still is among expatriates, and for poor mad George III's birthday The Recruiting Officer by George Farquhar is to be staged. The playmaker of the title is Ralph Clark. Thomas Keneally likes to make fiction from fact (cf Schindler's Ark), and, like all the cast, Clark was a real man whose later fortunes we follow in a final modern chapter. Briskly the narrative covers weeks of rehearsal and the technicalities of stage production while, behind it, the transported London underworld, a thieves kitchen almost as coherent and powerful as the Mafia, the spectral world of the natives, and the emotional life of the supposedly free officers enslaved to the supposed slaves (the lag-women), carry on parallel to it.

Very powerfully it gets inside this society, part primitive, part spoiled, of Europeans in a wilderness, the play encapsulating their sophistication in its costumes and make-up, daily life, with its floggings and hangings, their brutality. The playmaker is torn between his love for Betsey Alicia, his wife at home, and the possibility of having a new consort and home in this totally alien world. The two do not connect; the breach seems absolute.

This punchy, highly intelligent novel brings early Australia alive. Hindsight and the rumblings of history (the French Revolution, after all, was about to blow up the modern world, or at least to start the series of explosions that did so), give pathos and excitement to what happens; but it is Keneally's sense of the human heart that makes it matter.

The Other Garden has a strong moral sense, summed up in the last paragraph. "I romantically swore a loyal oath," the narrator says, "that . . . I would eschew ambition for worldly success and avoid the wielders of influence and power, choosing my friends among the innocently uncompetitive." The story dramatises this view. A novella, rich, observant and shrewd, it has the cheering belief, shown already in Francis Wyndham's *short stories, that people do not* have to be paired off by age, sex, class and suitability, but can find those they love randomly, out of context.

John Updike's short stories in Trust Me are so uniformly good they become monotonous, almost indistinguishable. They are marvellously skillful, you cannot fault them for observation, style, even interest, none falls in quality below the rest. So they run into one another and become observations of his particular society—the well-heeled professional classes of upper-middle America with their pets and children, their houses and apartments and sports and holidays, their small religious and ethnic differences, their almost expected surprises (adulteries, mostly), and a curious interchangeability that suggests social cloning, the impossibility of not being fashioned by background, of not using the same language as everyone else. The milieu is the message, in other words.

Readability, nonetheless, is *remarkable,* observation so sharp you see, touch, taste, even react as they do. But mildly. Updike seems uninterested in the heights and depths, the horrors or ecstasies of passion. Work, which feeds the social life, pays for the country retreats and tennis courts, is scarcely glanced at.

Davy Chadwick has three *narrators, and starts brilliantly.* Davy is a small boy in Italy, the son of English parents in a villa decorated on the outside with fascist symbols—trains, aircraft, marching workers. There are mysteries and surprises, contradictions between narratives, too compressed a format at times for clarity. Why did Davy's parents marry in the first place? And where, in the second, did he come from? Incest is now rearing its once unmentionable head in fiction as in fact.

Finally, who kidnaps him and vandalises the villa? Neighbours, friends, Italian or not, come crowding in, fitting no pattern, haphazard results of unexplained lives; all suspect, possible traitors, even relations. Sentences are short, staccato, often unexplained. But an integrity of love (between mother and child) comes out *of it, with no neat ending but* one that rings true. At once fascinating and irritating, it is a short book that seems likely to linger in the memory, full of presence and, again, of humanity.

Not so Emma Tennant's The House of Hospitalities, which starts with a bang but whimpers the rest of its way, *having two-dimensional people* who are vivid but flat. Jenny, like the others at her middle-class London day school is in love with exotic Amy, who comes from the starry heights of the aristocracy. Well, not entirely—there's recent brass as well as ancient blood—but it all adds up to a stately home in Wiltshire that has the impact, on Jenny, of Brideshead Castle on Charles Ryder. All stunned admiration, she is vilely treated by Amy's loathesome family and packed off home when they're bored with her after a day.

At first, the contrast between the ridiculous Lovescombes and the rest of the world is amusing; even their outrageousness is funny now and then, rather in the way that Farve's was in The Pursuit of Love. But a little goes a long way.

Isabel Quigly

Thomas Keneally: back down under

Whip's eye

CHANGING BATTLEFIELDS: THE CHALLENGE TO THE LABOUR PARTY
by John Silkin. Hamish Hamilton, £13.95. 226 pages

UNUSUALLY PERHAPS for a Chief Whip, trained as a lawyer, John Silkin, who died suddenly in April 1987, believed above all in tolerance and radiated the milk of human kindness. He achieved success by common consent both as Government Chief Whip and later Minister of Agriculture. As the former, the worst his critics could say about him was that he was too easy going, and as the latter that he was too vigorous in defending British interests against the crazy CAP — one Foreign Office lady said characteristicaly that this made her "ashamed to be English."

This book, he claims, is neither gossip nor history. Fortunately that does not inhibit him from either anecdote or indiscretion. For instance, having declared that "a good Chief Whip never forgets, and a good Chief Whip never tells," he does tell us on the same page that "When Edward Short became Chief Whip in 1964 he discovered at 12 Downing Street a book that Conservative Chief Whips had kept during 13 years of Government. Familiarly known as the 'dirt book,' it contained information on scandals affecting MP's. Edward Short's first act as Chief Whip was to burn it."

Even the milk of human kindness, if severely tried, can occasionally turn sour. And John Silkin, when confronted by Tony Benn, has difficulty in restraining *his* language. He *plainly believes that* Benn's adventures did immense electoral harm to the Labour Party, which would have been even worse if Silkin's candidature for the Deputy Leadership in 1981 had not, as he thinks, prevented Benn's election. David Owen he describes as "one of the most inept Foreign Secretaries Britain has ever known." Otherwise superlatives are avoided.

In recounting recent Labour Party history, John Silkin traces the exploits of various groups, cliques and factions which otherwise might have sunk into well-deserved oblivion. But the book in the main consists of personal reflections on major issues based on a lifetime's experience. From these Silkin himself emerges as first and *foremost* a believer in the spirit as well as the letter of British democracy. He has no sympathy with authoritarianism, Marxist, dogmatism or such too-clever conspiracies as "entryism." He remains a whole-hearted Atlanticist and supporter of Nato and of an eventually much strengthened United Nations. Joining the EEC he regards as a "panic reaction" from which the British economy "has suffered greatly." He also strongly favours the "one-man, one-vote" principle for Labour Party elections and re-selections, and would expect this to undo much of the electoral damage caused by the 1981 changes in the Party's constitution.

This book will not cure the Labour Party's — any more than the nation's — troubles. But the *more John Silkin's* philosophy of tolerance prevails, the more likely will the Party be able to win future elections.

Douglas Jay

Time for verse

FACADE by Edith Sitwell
edited with an interpretation by Pamela Hunter. Duckworth £9.95, 108 pages.

THOSE WHO dislike Edith *Sitwell's manner of writing* poetry will dislike this volume with particular intensity. It not only includes 21 of the *Façade* poems as performed to William Walton's music, but for every poem there is a "visual impression" printed immediately afterwards which is a picture or a scene written by Pamela Hunter and inspired by the poem. She explains that "while remaining essentially abstract like the poems [it] draws its setting and characters from the biographical allusions inherent in each poem." Thus "Hornpipe," the poem opens:

Sailors come
To the Drum
Out of Babylon;
Hobby-horses
Foam, the dumb
Sky rhinocerous-glum . . .

Ms Hunter expands: "There is a slight creaking as the old horse *rocks to and fro, the* safety in its worn rough mane and familiar long neck obscuring a direct view to the centre of the darkening room." This is straightforward stuff. However on occasions she allows herself to be carried away to something nearer poetry: "Not yet dawn. Still Dark. Silent. Strong moonlight outlines the house. Grey. Black. Silver." This is a reflection on "Four in the Morning" which has a rollicking opening:

Cried the navy-blue ghost
Of Mr Belaker
The allegro negro cocktail
shaker.

The disparity here points up one of Edith Sitwell's strengths as a wordsmith and, incidentally, Ms Hunter's weakness. While Sitwell's poetry may be as her critics tend to assume, nonsense, it is always witty, funny, amusing nonsense with far less pretension about it than her reputation ever allowed. Ms Hunter, on the other hand, is looking for a serious intent and determined to reflect that, and that alone, in her own creative effects.

Probably this is a trap into which most admiring editors fall. *For the third line through* this book is Ms Hunter's critical explanations of the sources for each poem as drawn from a knowledge of the Sitwells family life and from the writings of Edith, Osbert and Sacheverell Sitwell. She does a thorough job and seems likely to be right, or at least not necessarily wrong about most things. For example we are informed that "haycocks have a phallic sense," and that the Sitwell gardener chose the strongest tree at Renishaw to provide the wood for his coffin.

But all the interesting background in the world will not obscure the essentially sonic nature of the poetry. It sounds terrific, it reads aloud, as it was meant to do with jolly panache. Nevertheless it is no surprise that Facade is generally thought of as music with words rather than vice versa. On the other hand, since most people listen to a record of Facade and miss many of the words, some readers may feel inspired to the pleasure of a bit of self-declamation. "Popular song" would be a winner at any party.

The poems are illustrated *with bounding figures by the* 17th century Commedia dell 'Arte engraver Jaques Callot which Sacheverell compared to "the vein of fantasy" in his sister's poetry. Facade was first performed publically in 1923 and the English audience were as unimpressed by fantasy then as they are now. Perhaps in this centenary year of her birth she could be given less credit for her seriousness and more for her entertainment value. Children, generally, react very well to her poetry and Facade is exceptionally popular in school libraries.

Rachel Billington

Edith Sitwell: rebel with a cause

Gentle gallops

HOT MONEY
by Dick Francis.
Michael Joseph. £10.95, 22 pages

RIDING HIGH
by John Francome and James MacGregor. Macdonald. £10.95, 205 pages

HOT MONEY is the 26th novel from the Dick Francis stable, and once again this former National Hunt jockey turned crime-writer seems likely to finish well in the frame in the run-up to Christmas.

To meet and converse with, Dick Francis is one of the most amiable men you could possibly encounter, and it is this quality, I suspect, together with the comforting integrity in which he usually bathes his goody-goody central character, as though in formaldehyde, that is the secret of his success.

After all, his plots are usually dotty. Hot Money concerns a multi-millionaire — Malcolm Pembroke, if you please—whose sudden decision to start flinging his wealth about, triggers viperish malice among his family, which includes four ferocious ex-wives and numerous batty offspring.

Dick Francis's style is often stilted and his dialogue jars—as though it were overheard exclusively in Fortnum's. Even the racing bits are curiously cardboardy.

But, my goodness, how he sells — perhaps because his model reader is the Queen Mother who used to employ him as a jockey and into whose serene presence (one imagines) nothing thrillerish nor unseemly is permitted to intrude. In short, these are crime novels for gentlefolk, and what can be wrong with that?

What is wrong with Francome and MacGregor's Riding High, which is also billed as a "racing thriller," becomes stupefyingly clear in the first three pages. It is not so much handicapped by a burden of cliches as crushed and pulverised by them. As Dick Francis might ruminate: imitation may flatter, but this is ridiculous.

Michael Thompson-Noel

Plays at the Shaw Festival, Niagara, range from Strindberg to Coward via Peter Pan. **Martin Hoyle** reports

Major Barbara sets the pace

AT PEACH-PICKING time the smell of boiling fruit billows from the jam-shop down the main street, mingling with the perfumes of cooling fudge and fresh bread. The Niagara Bookshop is selling Penguins at the old rate (elsewhere stickers ruthlessly up-date the Canadian price; buy your Proust here quickly) and American tourists browse through works on London pubs and British royalty.

The late summer bakes Niagara-on-the-Lake, a glorified village, its houses carefully in keeping with the remaining wooden-frame and brick buildings of old colonial days. Side-streets are lined with breath-taking trees that Britain sees only in arboreta. Each house's "lot" is a rolling lawn, its backyard an Oxbridge quadrangle. For peace, greenery and spaciousness it all makes Hampstead Garden Suburb look like downtown Calcutta.

And all summer three auditoria are occupied with the Shaw Festival, a theatre jamboree directed by English-born Christopher Newton. The Festival's brief, originally a homage to GBS, now takes in Shaw's contemporaries—not too constricting, remembering his near-century of life, and enabling the 1987 season, for instance, to range from Strindberg to Cole Porter, Wilde to Coward, by way of *Peter Pan*.

Constraints lie elsewhere. Box office takings must provide 80 per cent of the revenues; state and provincial funding accounts for the rest. The repertoire is accordingly eclectic, unapologetic in its broad appeal while trying to strike a balance between crowd-pulling and serious artistic criteria.

A visitor in early September, as the Festival moves into its final lap, can see 10 plays in six days (including a day off to enjoy Niagara Falls or a local vineyard), all in an ambience of prosperous retirement and well-heeled trippers that evokes a mixture of Miami, Florida, and Broadway, Worcestershire.

Performances are given in the purpose-built Festival Theatre that looks on to the green expanse of the commons; the Royal George, an old cinema and vaudeville house scheduled for refurbishment; and the Court House, a gracious Palladian relic of the past. This year the tutelary deity was well served. A particularly lively *Major Barbara* typified the Festival's strength: the presence of established Canadian stars, highly promising young talent and immense care for visual presentation.

For *Barbara* Cameron Porteous designed a library all gilt, mottled marble and Chinese lanterns, with a Douanier Rousseau backdrop; and a Sally Army haven in a grim East End brick-arched yard, enclosed in towering smoke-grimed walls.

Christopher Newton's production was swifter, lighter and funnier than we often find in Britain. A provincial election campaign added point to the political quips. In Frances Hyland's stylish and pointed Lady Britomart one glimpsed how Katherine Hepburn might have played the role; and above all Douglas Rain, one of Canada's most distinguished players, kept the Shavian arguments afloat, bobbing and buoyant, even through those false endings in Act 3 when GBS goes on and on.

Most of the company members act in at least two productions; some turn a hand to other activities. Thus Miss Hyland directed Strindberg's *Playing with Fire*; Duncan McIntosh, the Artistic Director's assistant, directed both June Havoc's new *Marathon 33* (which I missed) and *Fanny's First Play*—Shaw's first commercial success, be it remembered—and portrayed a narcissistic semi-naked Nubian in *Salome*. The Artistic Director himself appeared as Captain Hook in Ian Judge's production of *Peter Pan*: an admirable precedent. Can we hope, in Mr Judge's forthcoming *Wizard of Oz* with the RSC, for Terry Hands as the cowardly lion?

Mr Judge seems to emulate David Pountney's production of *Rusalka* for the English National Opera in seeing *Pan* as a dream. Familiar everyday elements are incorporated into Neverland. Even the maid Liza wanders by, smiling reassuringly, while fragments of remembered reality — the nursery beds, ivy-clad walls, a constant hint of the London skyline in the distance — haunt this dreamworld.

Jennifer Phipps and Norman Browning in "Hay Fever"

As at the RSC, we see the Lost Boys grown up. The Shaw uses no Scots-accented narrator, however, but the company itself who tells the story, *Nickleby*-style. Some are already out of costume as they finally point out the unmagical middle-aged men, with an impact even more poignant than at the Barbican.

With Peter himself the director cops out. This grubby ragamuffin's character is as indeterminate as Tom McCamus's accent. Tinker Bell's horrid smurf voice is a minus, but the flying is lovely, Lost Boys and pirates are strongly cast, Peter Windrem's Nana is the most lovable canine ever; and the opening scene's grainy yet sharply-defined high London façades in glimmering twilight (Porteous again, lit by Jeffrey Dallas) are beautiful.

Box-office needs dictate such conventional fodder as a Thirties courtroom drama by novelist Ayn Rand (*The Fountainhead*, *Atlas Shrugged*), now insubstantial and cliché-ridden; and *Not in the Book*, Arthur Watkyn's fifties West End comedy-thriller. This contains at least one pearl of a scene where a flustered would-be murderer juggles in panic with sugar and weed-killer. Affectionately directed as a period piece by Maja Ardal, the play falls fascinatingly into historical perspective: from this sheltered suburban tilth sprouted the sad cypresses and deadly nightshade of Ayckbourn's black domesticity.

To balance the commercially safe bets, the Shaw mounts such deliberately risky ventures as a Strindberg - Wilde double bill. In *Playing With Fire* we watch a near-Chekovian family group who "eat, sleep, wait for death, wasting time as amiably as they know how" before becoming enmeshed in Strindbergian sexual tensions that here intensify the eternal triangle by postulating a half-understood attraction between the two men.

With *Salome* you must go for broke, as Lindsay Kemp's all-male production proved some years ago, or leave it to Strauss's opera. Sky Gilbert's production didn't go far enough, despite gun-toting soldiers in torn tee-shirts and black leather watching Herod's feast and Salome's climactic possession of John the Baptist's head on TV monitors. Camille Mitchell's evening-gowned princess enters like a soap-opera queen, but gets much better: that hard, spoilt, frightened little face and the strip down to black lacy underwear were consistent with the show's calculated sleaziness. The supporting cast was erratic.

Finally, what should have been too elusively British was in fact a great success, greeted with roars of laughter by a characteristically appreciative audience (the determination to enjoy is understandable in view of north American distances: some spectators have a 1½ hours' drive to reach the theatre). Our own Denise Coffey's direction broadened the humour of *Hay Fever* acceptably, except for making the formidable Clara into a cheerfully dotty cockney char (Jill Frappier, charming as the daffy wife in *Not in the Book*). John Pennoyer's set of slightly worn opulent Edwardian theatricality suggested that the Bliss family's bohemianism is in need of redecoration. A costume skip and theatrical posters left no doubt that this Judith had been very much a trouper.

Jennifer Phipps was a wonderfully funny Judith. More in the school of Celia Johnson than Penelope Keith, her Judith is occasionally not in command of the situation, but whenever fate deals her a blow she rolls with the punches, opening her eyes in mock-innocent surprise and turning all to her advantage. She is one of many good Canadian actors who are doubtless worried that there won't be enough outlets for them: one can sense polite exasperation at any hint of patronising from the twin poles of English-speaking theatre, New York and London.

On the strength of this year's Festival I would single out veteran Barry MacGregor (homicidal civil servant, Herod, impeccably proper as the fatuous Great War top brass in *Augustus*); Jon Bryden, for a quirky, off-beat humour as American gangster, Strindbergian sex-warrior or East End bully (never mind that his cockney sounded Australian); Richard Binsley, whose wimpish neighbour freezes with terror as he realises that his manuscript murder-story has been put into action (*Not in the Book*); and Jim Mezon whose style and intelligence in *Major Barbara* and *Peter Pan* recall the young Ronald Pickup.

The Shaw Festival is consciously the junior partner, according to the Stratford, Ontario, Festival. Here I saw the Young Company in an *As You Like It* that was careful, correct and colourless. Robin Phillips directed an elegiac reading on the long promontory of the Third Stage. Melancholy music, dappled lighting, lovely stripped wood for the set, as befits Canada; but bloodless. It was received with relief after an allegedly rough-trade *Troilus* with homo-erotic undertones, but made one realise that, for all its uneven edges, the younger festival on the banks of Lake Ontario has the bit between its teeth and is galloping up fast.

Antony Thorncroft reviews the current state of London's orchestras

Times they are a-changin'

ON THURSDAY evening at the Royal Festival Hall, Sir Georg Solti picked up his baton, cast a fatherly eye over the London Philharmonic Orchestra, ensured that Alfred Brendel was comfortable at the piano and launched the 1987-88 orchestral season in London with a performance of Brahms first piano concerto (reviewed by Dominic Gill on this page).

A glance at the brochures will suggest that nothing has changed, with three orchestras, the LPO, the Philharmonia, and the Royal Philharmonic, turning up with great frequency at the Festival Hall to play rather similar programmes enlivened with the same band of international stars as soloists and conductors. Simultaneously over at the Barbican, the resident London Symphony Orchestra will be providing comparable competition.

But below the surface. . . . This could well be the last of the old. Changes that have been promised for years may finally be about to happen. The new artistic regime at the South Bank, headed by Nicholas Snowman, could do little about the programming for the early part of the season, which had been fixed before its arrival, but in April the first fruit of the Snowman approach will be visible in the "Late Works" season.

Snowman is a great believer in "themes," ideally "themes" which involve the adjacent National Theatre, the Hayward Gallery, and the NFT, and "Late Works" embraces not only the final compositions of Verdi, Mahler, Strauss, etc, etc, but will co-incide with Peter Hall's season of Shakespeare's last plays, Henry Moore's late bronzes in the South Bank surrounds, and the last of Chaplin, Ingmar Bergman, et al, at the NFT.

To some extent this a forced marriage rather than the fully integrated "themes" which will dot the South Bank calendar in 1988-89, with the orchestras, for example, being asked to change their programming so that Mahler 9 is performed rather than the planned earlier Mahler symphony, but at least it offers a taste of the future.

The more significant changes do not so much involve the repertoire of the orchestras, but their organisation. This week the LPO changed the way it pays its members, giving them the same fee for rehearsals as for performances. It will increase their earnings by around 27 per cent, and, in return, the LPO will expect them to be stronger in their committment to the LPO. This season, too, the RPO has put its musicians under a four month contract, with the same aim. Now concert goers will expect to see the same faces, in the same place, at every performance of the orchestras.

In effect the orchestras, by their own efforts, are doing what both the South Bank and the Arts Council have long campaigned for — moving towards better, and more consistent, levels of playing. An Arts Council working party on the funding of the London orchestras is about to report. At first it was believed to back the idea that two orchestras—the LPO and the Philharmonia—should be in joint residency at the Festival Hall. Now, with the South Bank favouring just one "super" orchestra, such a formula is likely to be shelved. Undoubtedly Snowman would like to offer a home to the best orchestra in the country, one of world class; but he wants such an outfit to emerge over time and is reluctant to rush things. Contracts, which ease a musician's life and makes him less keen on tiring freelance work, are a step towards this.

Another Snowman aim — repeat programmes of better rehearsed concerts even if it means keeping the Festival Hall dark some nights while the orchestra rehearses in situ rather than at the Henry Wood Hall with its very different acoustics — must wait for next season, as must the scheme for reducing the rental of the Hall to the orchestras by 10 per cent if they perform concerts containing challenging works which inevitably are a box office risk.

Not that the size of the audience should be too much of a problem in 1987-88. Last season was not a good one on the South Bank, with attendances for the Big Four dropping by 4 per cent to 71 per cent. Lacklustre programming, and the challenge of the Barbican, are mainly blamed. This season should see an upturn. The LPO's subscription scheme, launched on the back of the Sunday Times, sold 35,000 tickets, leaving it with just 800 to dispose of for its 13 Festival Hall concerts before Christmas. In effect the LPO has £60,000 in etxra cash in the bank as a result of the scheme and has sold out 96 per cent of its key concerts. The Philharmonia, pioneers with subscription schemes, also reports an improved response, with half the seats for its concerts sold before the box office opens.

Unlike a few years ago it now seems incredible that any of the major London orchestras should disappear. The RPO is thriving on a popular approach, with an emphasis on marketing. It has established a Royal Philharmonic Pops Orchestra, alongside its main team, which gave its first Festival Hall concert last night and should contribute an extra £100,000 a year to the coffers. The LSO thrives as the house orchestra of the Barbican, and this season expects to finally clear the deficit which has dogged it for years. Its highlight is the Rostropovich 60th birthday celebration this autumn. The Philharmonia is also in profit for the first time in years and has seen off the take over bid from the LPO. It has also seen off some of the more excessive financial demands of the stars, cancelling a concert with Ashkenazy rather than pay his fee. This might encourage the other orchestras to refuse to pay over the odds and thus keep costs down.

So while on the surface it is a familiar, and excessive, diet of symphonic music this season, the moves towards contracts, more rehearsal time, higher regular earnings for musicians, and improved finances should ensure that when the orchestras get round to the more imaginative South Bank programming promised for 1988-89 they will be better equipped to rise to the challenge.

Giuseppe Sinopoli, who earlier this year was appointed music director of the Philharmonia Orchestra. He has been its principal conductor since 1984

Radio

Anti-social cartoonist

BELA VERACEK, Howard Barker's hero in *No End of Blame*, Radio 4's Monday Play, first appears as an art student in Budapest soon after the end of World War One. He likes drawing cartoons more than painting and is expelled. He and his mate Grigor and their shared girl-friend escape into Russia. There they talk about art with their new comrades, who insist that art must be free, non-bourgeois and may be anti-social without the artist knowing. This is too much for Bela, who believes in "freedom above all things" and makes his way to England, where we next encounter him as the cartoonist of the Daily Mirror, lecturing to left-wing airmen at a RAF camp in 1943.

His cartoons, signed "Vera," upset Churchill, and he and the editor are interviewed by some senior civil servants, cartoons themselves, who threaten to close the paper down. But the editor ("Bob"), prints a wholesale apology; so a little later we find Vera drawing for another paper. Now it's the proprietor who decides that Vera hasn't been funny for 15 years and appoints another cartoonist, Mick, or more probably Mik, as it has long been evident that Vera is Vicky. Bela goes off his head and jumps into the Thames.

The critical and ethical discussions have less effect than they should because all the voices sound alike, are indeed often identical, since 16 players take 32 small parts. The discussion veers to the left throughout and some fun is directed against the establishment. Thames Division police tell Bela, "You are not allowed to jump in the river!" and take bets on his chances. A nurse tells Bela, "You should have tried Henley, or Cliveden." It worked well in the theatre as I remember, but on the air it seemed colourless and wordy—indeed it played 15 minutes longer than most Monday Plays. Richard Wortley directed.

Ian Cotterell, directing Ben Jonson's *The Magnetic Lady* on Radio 3 yesterday, had more luck with his conversational scenes, of which there are a lot, for he had a star company whose individual voices are easy to pick out. I am sorry to say that I have never read the play (first performed in 1632). One of its characters remarks, "It is most unbecoming a gentleman to appear malignantly witty in another's work," and I suspect the adaptation by Peter Barnes may have added some extra wit, malignant or not.

We open with a dinner at Lady Loadstone's (Rachel Gurney), where assorted suitors are after her daughter Placentia and her generous dowry. Placentia, diagnosed by my lady's steward Needle as suffering from dropsy, is actually suffering from pregnancy, and gives birth to a son in the middle of the party, enabling her financial uncle Sir Moth Interest (Peter Bayliss) to claim the dowry. Placentia, however, was exchanged as a baby with her woman Pleasance (Tina Marian) as if they were in *Il Trovatore*. Compass, the hero (Dinsdale Landen) learns about this, marries Pleasance, with whom he is in love, and collects the loot, while Placentia marries Needle (and Lady Loadstone marries Compass's brother Ironside (Richard Durden) for no good reason). There are also various sub-plots, and between the acts two critics (Peter Howell and Edward de Souza) dispute amusingly about the play with John Trygust, the boy who looks after Jonson's "play-shop." The small parts include such players as Timothy Bateson, Peter Wodthorpe, Dilys Layer, John Moffatt and Peter Eyre, so neither my interest nor my admiration ever slackened.

Radio 2 began a three-part series on Saturday, *Digging for Gold*, where Michael Hollingworth is to explore the 1,200,000 discs in the BBC's record library. For some reason, the producer (Tim McDonald) began with a close-up of Mr Hollingworth's arrival by taxi and admission to Broadcasting House; and when we met the librarian, Derek Lewis, he was busy but undertook to see us later. I heard the first three nuggets, the Original Dixieland Jass (sic) Band, a 1962 Presley, and a 1953 Yma Sumac (who gave us only three of her alleged six octaves). "This is not a request programme," we were warned, "but if you know anything . . ." So perhaps Caruso and Rakhmaninov and Gielgud and Stockhausen may surface later.

B. A. Young

Chess No. 689

1 N-K4. If KxB; 2 K-B4, K-Q5; 3 R-Q6 mate. If 1 . . K-B4—2 R-KR6 when if K-Q4; 3 R-R5 or if K-N5; 3 B-K6.

Solti & Brendel

The combination of Sir George Solti and Alfred Brendel is not precisely that which springs to mind as being most likely to produce the ideally muscular, vivid and poetical performance of Brahms's D minor piano concerto. Efficient it would certainly be in any circumstances; but Brahms has never been Brendel's most reliable suit, and Solti is not the conductor to coax from him either the rhythmic buoyancy, or the high-flying surge of Brahmsian yearning, that the music needs.

Curiously, at their concert with the London Philharmonic Orchestra at the Festival Hall on Thursday night, the first movement of the Brahms lacked even the fierceness of attack one would have expected from a performance under Solti's baton. Rhythms were comparatively limp; the violins were consistently held down; wind tone was disappointingly thin; and Brendel's account of his solo part lacked concentration and centre — he seemed distracted, and at crucial moments indecisive, as if this were not really the concerto he wanted (or was even ready) to play, and might at any moment decide to play another entirely. The adagio sounded purposeful and serious, but prosaic: nothing flowed easily. The finale was effortful in its climaxes, oddly soft-centred in its lyricism.

Chaikovsky's fifth symphony came after the interval. Solti's way with Chaikovsky is characteristically firm, forthright, unyielding, and unsentimental to a degree. His opening movement was crisp-toned, solid, expertly managed, and without so much as a glimmer of mysterious reference (could this really be the music of "murmurs, doubts, plaints, reproaches . . . "?).

It was one of those warm and humid evenings that no orchestra is comfortable with: but the ensemble, a little sticky-handed at the start, came together nicely as the permformance progressed. The greater part of the symphony, and the second and last movements especially, were really very well played, broad and brightly coloured — but with how little indulgence, or apparent affection, they were directed! The finale accommodates the Solti treatment best: a whirlwind of energy, urged with an unstoppable momentum to its conclusion — a canvas of bright city lights, loud with neon, wreathed in vapour trails.

Dominic Gill

Records

Polarised opinions

FEW CURRENT ensembles generate more sharply polarised opinions than the Alban Berg Quartet. For some they represent the *ne plus ultra* of contemporary quartet playing, while for others their approach implies an aseptic, dessicated perfectionism from which all traces of spontaneous interpretative life have been drained. I must confess to some sympathy for the second school of thought, but nevertheless there is a great deal to admire in the set of three CDs on which the Alban Berg play all six of Bartok's quartets (EMI CDS 7477208).

The immaculate technical address is familiar from previous recordings and concerts by the group, but here it seems less an end in itself than the firm platform on which fully rounded performances can be built, an impression enhanced by a recorded sound which is warm and slightly resonant rather than drily analytical. There are movements scattered through the canon in which the level of characterisation is not as high as ideally it might be—as a teenager I got to know these works from the Fine Arts Quartet's recordings on the Saga label, and the memory of their vivid performances remains hard to eradicate.

The Alban Berg's treatment of the central movements of the Sixth, for instance, is rather low-key, and there are similar moments of blurred definition in sections of the Fourth and Fifth. With those exceptions, however, the playing is on a consistently high plane, and the steady exposition of the early works in particular is extremely effective.

A coupling of two Mozart string quintets (the C major K.515 and G minor K.516) from the Melos Quartet of Stuttgart with the viola-player Franz Beyer (Deutsche Grammophon 419 773) demonstrates a rather different approach. Both works receive effortlessly supple performances; even the tragic inflections of the G minor are given a relaxed though by no means trivialised profile. The scale of both works is always carefully measured, the amplitude of the opening phrases of the C major instantly register an argument to be laid out on a generous scale, yet never for a moment does the players' grip upon the structure falter—the sense of exploration, of continual re-creation, is always maintained.

The Hagen Quartet's Mozart is at present a rather less inspirational and re-creative affair. It is elegant and scrupulously refined, every element is precisely proportioned. It remains, though, essentially small-scale; even in the last two quartets (in B flat, K.589 and F, K.590: coupled on DG 423 108) it is the intricacy with which the four instrumental strands are realised rather than the plumbing of emotional depths which seem to bind the works together. From the Hagen the B flat's Larghetto seems a mundane affair, not at all the quartet's emotional bench mark it ought to be.

If the Hagen's playing can sometimes miniaturise rather than reveal, the only credible way of approaching Mendelssohn's violin sonatas is to present them unabashed, for all they are worth. Shlomo Mintz and Paul Ostrovsky play the F minor Op. 4 and the F major sonatas on Deutsche Grammophon (419 244-2, CD only). Op. 4 was written in the 1820s, when Mendelssohn was in his early teens, and predictably takes Beethoven and Mozart as its starting points. A distinctive creative personality is all in the process of formation, however, and the achievement of both Mintz and Ostrovsky in this work is their ability to nurture those hints of individuality without any sense of contrivance. In the later F major, written in 1838 but unpublished until 1953, the problems are rather different—the personality is unmistakable now, but the level of invention far less even. The players' solution seems to me absolutely the correct one and totally successful—to play the score immaculately, as if it were sustained on the highest level of inspiration.

Rakhmaninov's two Trios *élégiaques* for piano trio make an obvious coupling. The maturer D minor work explores much of the same expressive ground as the piano trio written 12 years earlier by Chaikovsky (to whose memory Rakhmaninov's Trio is dedicated); the G minor is almost a preparatory study, a single-movement, rather piano-heavy piece which gets only rather rare outings nowadays. The Beaux Arts Trio (Philips 420 175) manages both works with the maximum of panache and in some respects not a great deal of subtlety—their treatment of the single-movement work is sometimes brusque; the surfaces suggest a feigned rather than genuine expressive depth. In the D minor Trio it is sometimes hard to separate the effect of the performance from that of the work; there is an unyielding quality to both, a strident emotionalism that needs to be strictly controlled.

★

"James Galway plays Nielsen" (RCA RD86359) is packaged as if it were the latest collection of Galway lollipops. Yet it contains quite excellent accounts of Nielsen's Wind Quintet and Flute Concerto. Galway's talents have been so thoroughly exploited that one sometimes forgets that he remains a very fine flautist indeed, and works such as the Nielsen concerto suit him admirably. It may have been a mistake for him to choose to conduct the Danish Radio Symphony—the orchestral playing is rather underpowered at times, so that the work's crucial pitting of the soloist against an errant orchestral trombone is not as well stage-managed as it could be. The Quintet (with members of the Danish RSO) is unhurried and broadly expounded, while as fill-ups Galway adds the tiny pieces of incidental music Nielsen wrote for Helga Rode's play *The Mother* in the 1920s. It is altogether a desirable collection, providing one is not totally put off by the cover photograph.

Andrew Clements

WEEKEND FT

• SPORT •

Croquet/Nicky Smith

‘One must never underestimate the cosmic insignificance of any game . . .’

Putting the boot in

THE CROQUET season is rolling gently to a close. The President's Cup, last of the prestigious invitation events, was played out last week at Hurlingham. On the final Saturday, rain lashed the players and strong winds threatened to rock the croquet balls, raising interesting legal points on rules relating to movement between strokes.

On lawn two, South African Reg Bamford was confident of his ninth victory of the week. Next door on lawn one the acknowledged favourite, Steven Mulliner, suddenly looked in danger of losing a crucial game. He was peg for peg with his opponent, Colin Irwin, and if he lost, instead of securing an early, easy victory over the whole tournament, he would face a play-off against Bamford.

But croquet is nothing if not unpredictable. Perhaps overwhelmed by the nearness of victory, Irwin began to crumble. The Flamingo Factor reared its head and he bungled a triple peel at penultimate. A few strokes later Mulliner, whose shooting had been devastatingly accurate throughout the tournament, raised a clenched fist in victory.

It was his fourth win of this particular event and — ungenerous thought — made somewhat easier by the fact that Nigel Aspinall, who has won the cup 11 times, was absent because of illness. Mulliner put his success down to practice and, more importantly, psychological "fitness".

"One must never underestimate the cosmic insignificance of any game," he jokes, half seriously. His tension is electric and easily communicated. It shows itself in his pacing of the baulk lines, his springy press-ups in front of the hoops and his sudden unexpected darts across the lawns.

John Soloman, president of the Croquet Association, thinks today's young players tend to over-analyse the game. "They contemplate themselves into really difficult moves and, when things go wrong, they can't recover," he says. He agrees confidence can be built into a game by a positive approach, but adds: "When you start to analyse too much, it's gone."

Soloman is a living legend of croquet. He is a brilliant "natural" player with an intuitive touch that reflects the maverick element in his own genial character. He has won more victories in croquet than most people can remember, and next year a new trophy will be offered in his name.

His confident approach is shared by Mark Avery who defeated Muliner to win the Open championship this year. He was stopped from playing in the President's Cup only by the fact that he could not take any more time off from his job with the local authority in Ipswich.

At 21, he has already established himself in the game and is confident he could have done well last Saturday. He drove down to watch the final day's play and couldn't help feeling cheated. Just before the President's Cup, he played an invitation weekend at Guildford. "All the top players participated and I beat them. I could have beaten them here," he said, surveying the Hurlingham lawn disconsolately.

This year, a group of British players were invited to play for a philanthropic event in a vineyard in California. Earlier Avery, Aspinall and Keith Alton formed part of the British team competing against the US at Palm Beach in Florida.

Aiton, winner of the 1987 men's championships, is another young player who, like Avery, works for a living but lives for croquet. He has played in several of the many regional tournaments that help to make up the Croquet Association's annual fixture list, where travel, accommodation and entry fees generally far exceed the prize value.

Prizes in this fiercely amateur sport sometimes border on the lunatic—policemen's helmets, Swiss bells and battered cowhorns are among the treasures to be won at regional tournaments. Sponsorship of the major events ensures a better deal—Bombay Gin sponsored the President's Cup for the second time this year and was generous with the liquid refreshment as well as the money, but the question of professionalism in croquet has grown steadily into a debate in the CA council.

Next year, the Americans are coming to Hurlingham for the Opens and, with increased interplay between the two countries, the question of prize money—which, like everything else, is bigger and better in the US—is certain to recur.

Croquet in the US is played to different rules and, it seems, in very different style. An article in this month's Harper and Queen, glossy arbiter of British taste, contrasts the sun-baked elegance of Florida, where everything is inscribed Louis Vuitton, with the soggy and somewhat shambling British scene. The "rocky financial state" of most clubs in this country is deplored and so is the comparison of croquet with chess (too flattering) and the "yuppie" appeal of the game to players.

Back on the rain-soaked lawns of Hurlingham, it is evident that H and Q is correct. British croquet lacks something. Aiton is playing in white lace-up boxing boots. Phil Cordingley (member of the Stoke Newington Darts League) is exposing his belly through a drenched T-shirt. John Walters hasn't bothered to shave.

Somehow, it doesn't seem to affect the play. There are still those who think that the British game—better shooting, better break play and altogether more confidence — can knock Palm Beach into a mallet case. And if all else fails, they can rely on the "cosmic insignificance" of croquet to keep things in proportion.

Golf/Ben Wright

Europe faces an uneasy Ryder

They'll have to beat America's best, plus a capacity crowd baying for blood

Larry Nelson . . . could be trump card

IF ANYONE had suggested just five years ago that the European team had a good chance to record its first Ryder Cup victory on American soil since the biennial series was launched officially in 1927, he might have been escorted quietly away by gentlemen in white coats.

Before the 1983 match in Palm Beach Gardens, Florida, the European team, created in 1979, had lost heavily. On their debut in White Sulphur Springs, West Virginia, in September 1979, the Europeans were defeated by 17 points to 11. At Walton Heath in September 1981, the European downfall was even more humiliating. In appalling weather, which was thought to be ideal for the home team, they were soundly beaten by 18½ points to 9½.

When Samuel Ryder, a seed merchant from St Albans, presented his fine cup, the home team was restricted to British and Irish players. Between 1927 and 1979 the Americans won it no fewer than 20 times, tied once in 1969, and lost on just three occasions in 1929, 1933 and 1957.

The match had become as much of a bore as an embarrassment. It had largely been ignored by the local population when played in America in the autumn, early in that country's school, college and professional gridiron football season.

Desperate attempts were made to prevent the biennial débâcle by changing the original format of four 36-hole foursome matches followed by eight singles over the same distance the next day.

In 1961 the format was changed at Royal Lytham to four foursomes matches over 18 holes the first day in morning and afternoon, followed by eight singles matches over 18 holes both morning and afternoon the following day. The total points available were thus doubled from 12 to 24, but the result was depressingly similar. America won easily by 14½ to 9½ after taking the foursomes, imagined by the misguided majority to favour the home team, by six points to two.

The match was rehasned again in October, 1963, in Atlanta, Georgia, with even more disastrous results. The British and Irish lost by 23 points to nine. A third day of 18-hole fourballs, morning and afternoon, was sandwiched between the foursomes and singles in the vain hope of attracting American television coverage.

After two more one-sided American victories, the British and Irish finally achieved a momentous 16—16 tie at Royal Birkdale in September, 1969, and the 1971 match in St Louis, Missouri, in September was duly televised on its final day, with horrific results. When the network in question finally began its coverage on Sunday afternoon the match was already over, America having won the two singles points they needed to retain the trophy! They had started the afternoon leading by 14½ to 9½.

Two more defeats for the British and Irish followed, so the match format was changed yet again at Royal Lytham in September, 1977. Because of the shorter autumn days in Britain which had caused afternoon matches on more than one occasion to finish by the eerie light of car headlamps, five 18-hole foursomes were played the first day, and five fourballs the second. On the final day, ten 18-hole singles matches were spread out through the day. But despite the fact that the British and Irish team shared the singles 5—5, they had already hung a millstone round their necks by losing the foursomes and fourballs by 7½ points to 2½.

And so the Europeans were called upon to bolster what appeared to be a lost cause, and the format was changed yet again. In 1979 and ever since, four foursomes and four fourballs have alternated on the first two days, morning and afternoon, followed by 12 singles spread throughout the final day. The latter move was made so that any player left out of his team's line-up during the first two days got at least one game to avoid further embarrassment.

In 1979 John Jacobs, the first European captain, chose not to pair a European with a British or Irish player. But he took the plunge in 1981 at Walton Heath on the first afternoon, pairing Irishman Des Smyth with Spaniard Jose-Maria Canizares. The pair celebrated this epic moment in golf history by thrashing Bill Rogers, the reigning Open champion, and Bruce Lietzke by six and five.

Tony Jacklin took over the captaincy in 1983, and was far less reticent in creating partnerships involving Europeans and British players. Seve Ballesteros and Paul Way won 2½ precious points in foursomes and fourball play in Florida, while Nick Faldo and Bernhard Langer did even better, winning three. These two pairs contributed the lion's share of Europe's eight points that enabled the visitors to go into the final day tied with the cup holders.

The rest is history. The Americans, captained by Jack Nicklaus, scraped home by 14½ points to 13½. But the Europeans had established such an admirable team spirit, they were obvious favourites at The Belfry in September, 1985, and a longed for victory was finally, and comfortably, achieved.

Can the Europeans now win for the first time on American soil at Muirfield Village golf club in Dublin, Ohio, on a course designed by Nicklaus, the American captain? Of course, it is entirely possible. Nine of the European team for next weekend's match enjoyed the sweet taste of victory at The Belfry. In Frankfurt, at the finish of the German Open, Jacklin announced his final three selections, Ken Brown, Sandy Lyle and Spain's Jose-Maria Olazabal, after the other nine players had automatically qualified on points. And he said: "If I had been able to choose all 12 players, these would be the ones I would have picked, which is a marvellous state of affairs."

Gordon Brand Jun and Olazabal are the two newcomers to Ryder Cup play, while Ireland's Eamonn Darcy, who also was not on the victorious 1985 team, gained valuable experience in the 1975, 1977 and 1981 matches. Darcy showed his mettle by holding onto his ninth place in the points table for no fewer than nine agonising weeks.

What and who are the Europeans up against? A capacity crowd, baying for blood (as did the British at The Belfry), for a start. For the first time ever in America, 25,000 tickets have been sold, which speaks volumes, since the American football season will be in full swing.

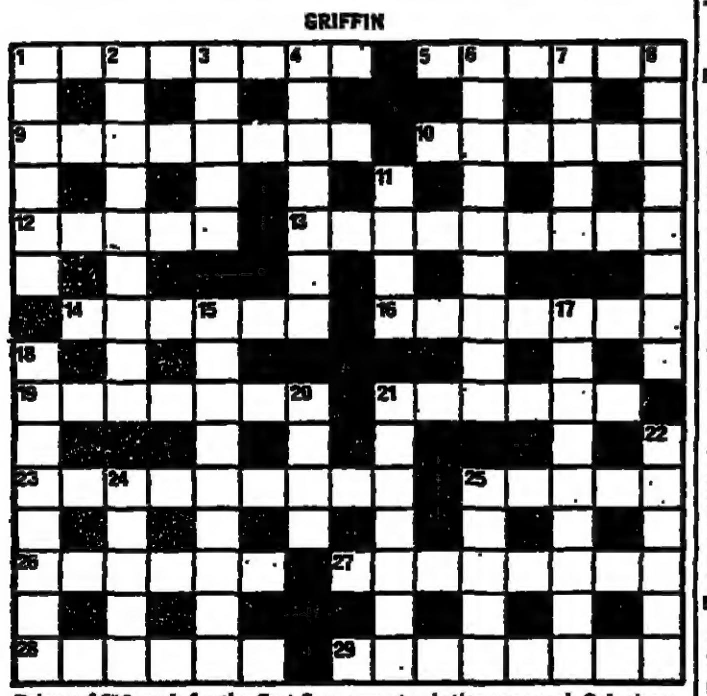
There are five newcomers on the American side: US Open champion Scott Simpson, US Masters' champion Larry Mize, Payne Stewart, Dan Pohl and Mark Calcavecchia. But the other seven members of the American team are seasoned veterans, four of whom, Lanny Wadkins, Curtis Strange, Hal Sutton and Tom Kite, have been thirsting for revenge since suffering defeat at The Belfry.

But the qualification of Larry Nelson, by virtue of his play-off victory over Wadkins in the recent USPGA championship, may be the trump card that turns the match in America's favour. Nelson's Ryder Cup record of nine wins and not a single defeat in two appearances is easily the best in the history of the series. In fact the only other unbeaten player who competed more than once is the late Jimmy Demaret, who won six times in three matches in 1947, 1949 and 1951.

Nelson was absolutely devastating in the first two matches involving Europeans in 1979 and 1981. He and his partner Wadkins won four times in 1979, three times beating Ballesteros and his countryman Antonio Garrido. Nelson then beat Ballesteros in his singles match. In 1981 he won three points out of three in team play, one with Lee Trevino and two alongside Kite, before beating Mark James in singles combat.

FT CROSSWORD PUZZLE No. 6,434

GRIFFIN



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

ACROSS

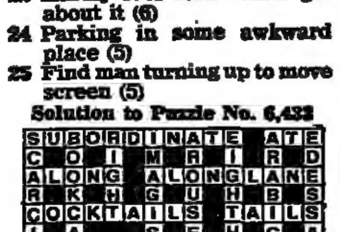
1 Barker publicised drink (8)
5 Urge barristers to imprison pauper (6)
9 Stand in youth centre despite messy exterior (8)
10 Offensive cook returns promissory notes (6)
12 Take spiteful woman to church (5)
13 Amusing or eccentric fool (9)
14 Sent back key ring attached to pine figure (6)
16 Fuel father has lying around (7)
19 Introduce a new cap, free (7)
21 Reason for remark about fool 6)
23 Minister made scruffy legman cry (9)
25 Funny order to one in cricket club (5)
26 Exclude article 50 from service book (6)
27 Reveal arrangements to install lift (8)
28 Piece of music having less feeling? (6)
29 Cut off cooker after set exploded (8)

18 Sample spice spread on pieces (8)
20 She gets me up before mother (4)
21 Records of unmarried people? (7)
22 Hardly ever cold with fright about it (6)
24 Parking in some awkward place (5)
25 Find man turning up to move screen (5)

DOWN

1 Kidnap Jack, going by tube (6)
2 Trustworthy salesman takes union leader on board (9)
3 Long to follow old Penny to desert (5)
4 Continuing to invest money in slag disposal (7)
6 Duck below guilt (9)
7 Darkness of toilet requiring external decoration (5)
8 Fought off man after sister collapsed (8)
11 Cut Poles' religious upbringing (4)
15 Drink nothing Ada Green brewed! (9)
17 Una mixes fruit in mechanical device (6)

Solution to Puzzle No. 6,432



Solution and winners of Puzzle No. 6,428

Mrs M. N. Sinclair, Muirhead, Glasgow; Mrs P. E. Lovett, Witham, Essex; Mr J. R. Jefferies, Dudley, West Midlands; Mr P. J. Rowland, Brentford, Middlesex; Mr Ian D. Thomson, Clitheroe, Lancashire.

TELEVISION AND RADIO

SATURDAY

† Indicates programme in black and white

BBC1

8.30 am Dudley Do-Right. 8.35 Boss Cat. 9.00 It's Wicked. 10.55 The Pink Panther Show. 11.15 Film: "Captain Scarlett." (Richard Greene and Leonora Amar star.) 12.27 pm Weather. 12.30 Grandstand, including 12.35 Football Focus; 1.00 News Summary; 1.05 Motorcycling (ACU British Championships at Silverstone); 1.35 Water-Skiing (Ladies' day in the 1987 KP World Water-Skiing Championships); 2.00 Newbury Racing; 2.05 Water-Skiing; 2.30 Newbury Racing; 2.35 Motorcycling; 3.00 Newbury Racing; 3.05 Water-Skiing; 3.30 Newbury Racing; 3.50 Half-times; 4.00 Table Tennis (The Leeds Masters at Wembley); 4.20 Motorcycling; 4.40 Final Score. 5.05 News.

5.15 Regional Programmes. 5.20 Rolf Harris Cartoon Time. 5.45 Telly Addicts. 6.15 'Allo 'Allo. 6.50 Bob's Full House. 7.25 The Russ Abbot Show. 7.55 Casualty. 8.45 News and Sport. 9.00 Film: "A Bridge Too Far," starring Sean Connery, Robert Redford, Michael Caine and Gene Hackman. 11.50 Monty Python's Flying Circus. 12.20 am Darts: The Unipart British Professional Championship.

BBC2

2.20 pm Network East. 3.00 No Limits. 4.00 Diving Caves of Marble. 4.30 Darts: The Unipart British Professional Championship. 6.20 Bob Dylan. 7.20 Newsview. 8.00 Who Revives The Dead. 9.20 Darts. The Unipart British Professional Championship. 9.50 Film: "Le Cop" (English subtitles). †11.35-1.30 am "Touch Of Evil." (Orson Welles directed and stars with Charlton Heston, Janet Leigh and Marlene Dietrich.)

LONDON

6.00 am TV-am Breakfast Programme. 9.25 No 73. 11.00 The Roxy. 11.30 Frocks On The Box. 12.00 The Fall Guy. 1.00 pm News. 1.05 Saint and Greavsie. 1.30 Wrestling. 2.15 Comedy Classic: The Cuckoo Waltz. 2.45 "The Secret Mark Of D'Artagnan," starring George Nader and Magali Noel. 4.25 Cartoon Time. 4.45 Results Service. 5.00 News.

5.05 Blockbusters. 5.35 The A-Team. 6.30 Blind Date. 7.15 Beadle's About. 7.45 3-2-1. 8.45 News and Sport. 9.05 Murder, Mystery, Suspense. 10.30 The Dame Edna Experience. 11.20 "Calendar Girl Murders," starring Tom Skerritt and Robert Culp. 1.00-4.00 am Night Network.

CHANNEL 4

9.30 am Coping. 10.00 The Home Service. 10.30 Scotland's Story. 11.00 Same Difference. 11.30 Dancin' Days. †12.30 pm Sea War. †1.00 "Portrait Of Jennie," starring Joseph Cotten. †2.35 We Sell At Midnight. 3.05 Channel 4 Racing from Ayr. 5.05 Brookside omnibus.

6.00 Right to Reply. 6.30 Tears, Laughter, Fears and Rage. 7.00 News Summary followed by Beyond Belief. 7.30 In and Out of Africa. 8.30 Japan. 9.30 Inochi (in Japanese with English subtitles). 10.00 St Elsewhere. 10.55 Australian Rules Football. †11.55 "Phantom Lady," starring Ella Raines. †11.30 am "Mr Reeder in Room 13."

S4C WALES

8.30 am Coping. 10.00 What The Papers Say. 10.15 Valued Opinion. 10.30 A Full Life. 11.00 The Mississippi. †12.00 Sea War. 12.30 pm Scotland's Story. †1.00 Feature Film: "Broadway Thru A Keyhole," starring Constance Cummings. 3.05 Racing from Ayr. 5.00 Battle For The Planet. 6.00 Right to Reply. 6.30 All Muck and Magic?

7.00 The Dragon Has Two Tongues. 7.30 Newyddion. 7.50 Treialon cwn Defaid. 8.15 Noson Lawen 1987. 9.25 Y Mess Chwarae. 10.15 The Golden Girls. 10.55 Australian Rules Football. †11.55 Feature Film: "Phantom Lady," starring Franchot Tone, Alan Baxter and Ella Raines. †1.30 am Feature Film: "Mr Reeder In Room 13."

IBA Regions as London except at the following times:—

ANGLIA

11.30 am The Fall Guy. 12.20 pm A.L.F.

BORDER

11.30 am UFO. 12.30 pm Survival. 11.20 T. J. Hooker.

CENTRAL

11.00 am Family Feature Film: "The Trojan War," starring Steve Reeves. 11.20 pm "Love At First Bite" (George Hamilton stars). 1.05 am Prisoner Cell Block H. 2.00 "Georgy Girl," starring James Mason, Alan Bates, Lynn Redgrave and Charlotte Rampling. 3.55 Central News followed by Central Jobfinder.

CHANNEL

11.30 am Knight Rider. 12.30 pm Survival of the Fittest. 12.59 Today's Weather. 2.45 am Achilles. 4.20 Cartoon. 11.20 "The Fan."

GRAMPIAN

11.30 am ALF. 12.00 Knight Rider. 11.20 pm Music Special (Ian Dury and the Blockheads). 12.30 am Reflections.

GRANADA

11.30 am Saturday Matinee. 2.15 pm Easy Street. 11.20 "Love at First Bite" starring George Hamilton and Susan Saint James. 1.05 am Police Woman. 2.00 World Beyond. 2.30 America's Top 10.

HTV

11.30 am Knight Rider. 12.00 A.L.F. 12.30 pm Starring . . . The Actors (James Earl Jones). 11.20 Club Rugby. 12.05 am Alfred Hitchcock presents.

HTV Wales—As HTV West except:—11.20-12.05 pm Club Rugby (Swansea v Bristol).

TSW

11.30 am Charlie's Angels. 12.25 pm Gus Honeybun's Magic Birthdays. 12.30 The South West Week. 5.05 Newsport. 5.10 The Smurfs. 5.25 Gus Honeybun's Magic Birthdays. 11.20 Late Night Film: "Love at First Bite," starring George Hamilton and Susan Saint James. 1.05 am Postscript.

TVS

11.30 am Knight Rider. 12.30 pm Survival of the Fittest. 12.57 TVS Weather.

TYNE TEES

11.30 am "Rails Into Laramie." 11.20 Movie Premiere: "Love at First Bite." 1.00 am Coping with Grief.

ULSTER

11.30 am Feature Film: "John and Julie," starring Colin Gibson, Leslie Dudley and Wilfrid Hyde White. 1.05 pm Ulster Newstime. 4.55 Sports Results. 5.03 Ulster Newstime. 9.02 Ulster Newstime. 11.20 T. J. Hooker. 12.20 am Ulster Newstime.

YORKSHIRE

11.30 am "Autumn Bells." 12.55 pm Cartoon Time. †11.20 "Dr Crippen," starring Donald Pleasence, Samantha Eggar, Donald Wolfit and Coral Browne. 1.05 am The Saturday Late Film: "Blood of the Vampire," starring Donald Wolfit, Vincent Ball and Barbara Shelley. 2.40 Jobfinder.

Stereo on VHF

BBC RADIO 2

8.05 am David Jacobs. 9.00 Sounds of the 60s. 10.00 Michael Aspel. 12.00 Digging for Gold. 1.00 pm Ken Dodd's Palace of Laughter. 1.30 Sport on 2 including Football; Racing from Newbury; Golf (Previewing the Ryder Cup and news of the Lancome Trophy); Motor Racing (Final practice of the Portuguese Grand Prix); plus the rest of the weekend's sporting news. 6.00 Sports Report.

6.00 The Match Play Quiz. 6.30 That's Showbusiness. 7.00 ABC Quiz. 7.30 Gala Concert. .30 String Sound. 10.05 Martin Kelner. 12.05 pm Going Dutch. 1.00 Patrick Lunt presents 'Nightride'. 3.00-4.00 A Little Night Music.

BBC RADIO 3

7.00 am News. 7.05 Morning Concert. 9.00 News. 9.05 Record Review. 10.15 Stereo Release. 11.25 Chicago Symphony Orchestra. 1.00 pm News. 1.05 Late Baroque Music from Dresden. 1.40 A Live Sparrow (study of Edward Fitzgerald by Patric Dickinson). 1.55 Piano Trios: Haydn and Dvorak played by the Raphael Trio. 3.00 Bach's Mass in B Minor. 5.00 Jazz Record Requests. 5.45 Critics' Forum. 6.35 Music for oboe and piano by Robert Saxton, Lutyens and Richard Rodney Bennett. 7.10 Henry Williamson's Nature Writings. 7.30 BBC Philharmonic Orchestra with Yuri Bahmet (viola): Glinka (Overture: Ruslan and Ludmilla), Schnittke (Viola Concerto); (8.15 interval reading): 8.20 Tchaikovsky (Symphony No 5). 9.15 Talking to Itself. 10.00 New Sonorities 1987. 10.55 Night Music: Vivaldi, Monteverdi, Carulli, Bellini and Respighi. 11.57-12.00 News.

BBC RADIO 4

7.00 am Today. 9.00 News. 9.05 Sport on 4. 9.30 Breakaway. 10.00 News: Loose Ends hosted by Ned Sherrin. 11.00 News; Conference Special. 11.27 From Our Own Correspondent. 12.00 My Hero. 12.25 pm Radio Active (S). 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News: Second Edition. 3.00 News; the Afternoon Play (S). 4.30 Science Now. 5.00 The Living World. 5.25 Delve Special. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News, including Sports Round-Up. 6.25 Stop the week (S). 7.00 Saturday-Night Theatre (S). 8.30 Baker's Dozen (S). 9.30 Thriller! 9.50 Ten to Ten (S). 9.59 Weather. 10.00 News. 10.15 The Village. 10.30 The Wordsmiths of Gorsemere (S). 11.00 Even Looser Ends. 12.00-12.15 am News.

SUNDAY

†indicates programme in black and white

BBC1

8.55 am Play School. 9.15 Articles of Faith. 9.30 This is the Day. 10.00 What on Earth? 10.25 Only Time Would Tell. 10.55 The Wooldridge View. 11.45 Look Stranger. 12.10 pm Sign Extra. 12.35 Farming with Les Cottington and Philip Wrixon. 12.59 Weather for farmers. 1.00 This Week Next Week.

2.00 Eastenders. 3.00 Match of the Day Live: Newcastle Utd v. Liverpool. 5.05 Our House. 5.55 Vanity Fair by William Makepeace Thackeray. 6.25 News. 6.40 Songs of Praise. 7.15 Three Up, Two Down. 7.45 Howard's Way. 8.35 Bread. 9.05 Love After Lunch. 10.20 News. 10.35 Heart of the Matter. 11.10 Seventy Summers. 11.40 Network East.

BBC2

1.30 pm Sunday Grandstand (Part 1) including 1.30 Water Skiing/Motor Sport (KP World Water-Skiing Championships/Yesterday's motorcycling at Silverstone/The Manx Rally) and at 2.30 Motor Racing (The Portuguese Grand Prix). †3.00 Film: "Carlton-Browne of the F.O." (Peter Sellers and Terry-Thomas star). 4.30 Beethoven.: Daniel Barenboim plays the last Piano Sonata, No 32 in C minor. 5.00 Sunday Grandstand (Part 2) including 5.00 Motor Racing/Water Skiing (The Portuguese Grand Prix/The 1987 KP World Water-Skiing Championships). 6.0 Golf. A look back at Britain's 1985 Ryder Cup victory and forward to the next encounter. 6.50 It's Garry Shandling's Show. 6.15 Darts (The Unipart Professional Championship). 7.15 On the House. 7.50 The Great Philosophers. 8.30 The Natural World. 9.25 The Paul Daniels Magic Show. 10.10 Grand Prix (The Portuguese Grand Prix). 10.35 Film: "Vigil." 12.05-1.50 am Darts (The Unipart British Professional Championship).

LONDON

6.55 am TV-am Breakfast Programme. 9.25 Wake Up London. 9.35 Woody! At No 73. 11.00 Morning Worship. 12.00 Weekend World. 1.00 pm LWT News Headlines followed by Police 5. 1.15 Link. 1.30 The Care Bears. 2.00 The Human Factor. 2.30 "Battle of Britain" starring Michael Caine, Kenneth More, Laurence Olivier and Susannah York.

4.30 Knights of God. 5.00 Bullseye. 5.30 Sunday Sunday. 6.30 News. 6.40 Appeal. 6.45 Highway. 7.15 Child's Play. 7.45 Cloud Waltzer. 9.45 News. 10.00 The New Statesman. 10.30 Jacob Epstein: Rebel Angel. 11.30 LWT News Headlines followed by American Documentary. 12.30 am Mary 1.00-3.00 Night Network.

CHANNEL 4

9.25 am Movie Mahal. 10.00 Equinox: Prisoner of Consciousness. 11.00 The Waltons. 12.00 Network 7. 2.00 pm Chips' Comic. 2.30 The Peugeot Talbot Westminster Mile. 3.10 All Ireland Football Final. 5.00 World of Animation. 5.15 News Summary followed by The Business Exchange.

6.00 American Football. 7.15 Battle for the Planet. 8.15 The Soldiers' Tale. 9.15 The Old Crowd. 10.25 Cycling: The Kellogg's Grand Prix of Westminster. 11.30 "Criminal Conversation."

S4C WALES

10.00 am In and Out of Africa. 11.00 The Waltons. 12.00 Network 7. 2.00 pm Great — Isambard Kingdom Brunel. 2.30 The Peugeot Talbot Westminster Mile. 3.10 All Ireland Football Final. 5.00 World of Animation. 5.15 Business Exchange. 6.00 American Football. 7.20 Newyddion. 7.30 Caryl. 8.00 Darlithoedd Y Panten. 8.30 Cwlwm. 9.00 St Elsewhere. 10.00 Feature Film: "The Man Who Would Be King (stars Sean Connery and Michael Caine).

IBA Regions as London except at the following times:

ANGLIA

9.25 am Sunday at No 73 followed by Elmer Fudd. 9.35 He-Man and the Masters of the Universe. 1.00 pm Link. 1.15 Marionette. 1.25 Weather Trends. 1.30 Farming Diary. 2.30 Film: "Crash Dive." 5.00 Man in A Suitcase. 6.00 Bullseye.

BORDER

9.25 am Elmer Fudd. 1.00 pm Farming Outlook. 1.30 Border News. 1.35 Cartoon Time. 1.45 Link. 2.30 "Crash Dive," starring Tyrone Power, Dana Andrews and Anne Baxter. 5.00 Highway To Heaven. 6.00 Bullseye. 11.30 Nimrod The Mighty Hunter.

CENTRAL

9.25 am Elmer Fudd—What's My Lion? 1.00 pm Central Post 1.10 Central News. 1.30 Here and Now. 2.30 "George and Mildred," starring Yootha Joyce and Brian Murphy. 4.10 Cartoon Time. 5.00 Highway to Heaven. 6.00 Bullseye. 6.35 Central News. 11.30 Prisoner Cell Block H. 12.25 am Donahue. 1.25 Thriller Classic: "The Man Who Could Cheat Death." 3.00 Central News followed by Central Jobfinder.

CHANNEL

9.25 am Today's Weather. 9.28 Starting Point. 9.30 Felix the Cat. 1.00 pm Link. 1.15 Les Francais Chez-Vous. 1.30 Enterprise South. 2.30 "Crash Dive." 4.30 Bullseye. 5.00 Knights of God. 5.30 Sunday Sunday.

GRAMPIAN

9.25 Cartoon. 11.00 Horses For Courses. 11.30 Inquisition—Rt Rev Frank Sargent, Bishop of Stockport. 1.00 pm Farming Outlook. 1.30 Spacewatch. 1.45 Link. 5.00 Scotsport. 6.00 Bullseye. 11.30 A Song For Ireland. 12.30 am Reflections.

GRANADA

9.25 am Cartoon. 1.00 pm Members Only. 1.05 This Is Your Right. 1.35 Aap Kaa Hak. 1.45 Link. 2.30 "Crash Dive," starring Tyrone Power and Dana Andrews. 5.00 The Love Boat. 6.00 Bullseye. †11.30 "An Honourable Murder," starring Norman Wooland and Margaretta Scott.

HTV

9.25 am Sunday at No 73 followed by Cartoon. 1.00 pm HTV News. 1.05 West Country Farming followed by Weather for Farmers. 1.35 Cartoon Time. 1.45 Link. 2.30 "Crash Dive," starring Tyrone Power. 5.00 Highway to Heaven. 6.00 Bullseye. 6.35 HTV News.

SCOTTISH

9.25 am Look And See. 1.00 pm Action South West. 1.30 Link. 2.30 The Sunday Matinee: "Crash Dive" starring Tyrone Power

Rachel Roberts in The Old Crowd: C4, 9.15 pm

and Dana Andrews. 4.30 Gardens For All. 5.00 Knights Of God. 5.30 Looking Back With Kenneth MacLeod. 6.00 Bullseye. 6.35 TSW News. 11.30 The Silk Road. 12.25 am Postscript Postbag.

TVS

9.25 am Elmer Fudd. 1.00 pm Link. 1.15 Action! 1.27 TVS Weather including news for farmers. 1.30 Enterprise South. 4.30 Bullseye. 5.00 Knights Of God.

TSW

9.25 am Hello Sunday. 1.00 pm Farming Outlook. 1.30 The Elephant's Child. 1.45 Link. 2.30 "Crash Dive" starring Tyrone Power. 5.00 Love Boat. 5.30 Northern Life Sunday Edition. 6.00 Bullseye. 11.30 Show Express. 12.00 Epilogue.

ULSTER

9.25 am Cartoon Time. 12.55 pm Ulster Newstime. 1.00 Ask Anne. 1.15 Link. 1.30 Advice with Anne Hailes. 1.58 Farming Weather. 5.00 Finding Fax Future. 6.00 Bullseye. 6.35 Ulster Newstime. 9.57 Ulster Newstime. 11.30 Sports Results. 11.35 The Silk Road. 12.30 am Ulster Newstime.

YORKSHIRE

9.25 am Cartoon Time. 1.00 pm The Smurfs. 1.30 Farming Diary followed by farming and inshore weather. 2.30 "Crash Dive," starring Anne Baxter, Tyrone Power and Dana Andrews. 5.00 Randall and Hopkirk (Deceased). 6.00 Bullseye. 11.30 Nimrod . . . the Mighty Hunter. 12.30 am Five Minutes. 12.35 Jobfinder.

Stereo on VHF

BBC RADIO 2

7.30 am Roger Royle says "Good Morning Sunday." 9.05 Melodies For You. 11.00 Desmond Carrington with your Radio 2 all-time greats. 2.00 pm Stuart Hall's Sunday Sport including Motor Racing (The Portuguese Grand Prix); Athletics (The Peugeot Talbot Westminster Mile); Gold (The Lancome Trophy); Football (Newcastle United v Liverpool); American Football (The Budweiser Bowl from Loftus Road, London). 5.00 Charlie Chester with your Sunday Soapbox. 7.00 The Random Jottings of Hinge and Bracket. 7.30 Ivor. 8.30 Sunday Half-Hour. 9.00 Your Hundred Best Tunes. 10.05 Songs From the Shows. 10.45 ... presents "Nightride." 3.00-4.00 A Little Night Music.

BBC RADIO 3

7.00 am News. 7.05 Mendelssohn: String Quartet Op 12 and Piano Trio Op 66. 8.00 World Service News. 8.10 Dennis Brain. 9.00 News. 9.05 Your Concert Choice. 10.30 Music Weekly. 11.15 Malcolm Binns, piano recital. 12.05 Jill Feldman (soprano) with the ensemble Philomel: Campra (Cantata), Duphly (Air), Leclair (Sonata). 1.15 String Quintets. Mendelssohn's Op 18 and Mozart's K 515 played by the Lindsay Quartet with Patrick Ireland (viola). 2.25 Berlin Philharmonic Orchestra with Krystian Zimerman (piano): Bartok (Music for strings, percussion and celesta): (3.00 Interval Reading): 3.05 Brahms (Piano Concerto No 1). 4.05 British Music for Oboe and Strings. Holst, Bridge and Bax played by the Bochmann Quartet with Gordon Hunt. 4.45 On Turning Up a Stone. 5.00 "The Ring" from Munich. Wagner's "Gotterdammerung" recorded at the Munich National Theatre on the first night of Nikolaus Lehnhoff's new production. Hildegard Behrens and Rene Kollo sing Brunnhilde and Siegfried. Act 1. 6.50 Whose Funeral March? (Readings from Thomas Mann's "Pro and Contra Wagner"). 7.05 "Gotterdammerung," Act 2. 8.10 Whose Funeral March? (Further excerpts from Mann's book). 8.25 "Gotterdammerung," Act 3. 9.55 Henry Williamson's Nature Writings. 10.15 Mozart, Sor and Diabelli played by Maggie Cole and Nigel North. 10.55 Northern Sinfonia. 11.57-12.00 News.

BBC RADIO 4

7.00 am News. 7.10 Sunday Papers. 7.15 On Your Farm. 7.40 Sunday. 8.50 The Week's Good Cause. 8.55 Weather. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America by Alistair Cooke. 9.30 Morning Service. 10.15 The Archers. 11.15 News Stand. 11.30 Pick of the Week (S). 12.15 pm Desert Island Discs (S). 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping Forecast. 2.00 Gardeners' Question Time. 2.30 Globe Theatre (S). 4.00 News; Enterprise. 4.30 The Natural History Programme. 5.00 News: Down Your Way. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 6.15 More Wishing Than Dancing. 6.30 International Assignment. 7.00 The Count of Monte Cristo by Alexandre Dumas (S). 8.00 A Good Read. 8.30 The Cross and the Crescent (S). 9.00 News. 9.05 Conference Special. 10.00 News. 11.00 Seeds of Faith. 11.15 Not the National. 12.00-12.15 am News.